

BUSINESS WEEK



BIGGEST EVER: Industry's Expansion Plans for 1952

(Report to Executives, page 76)

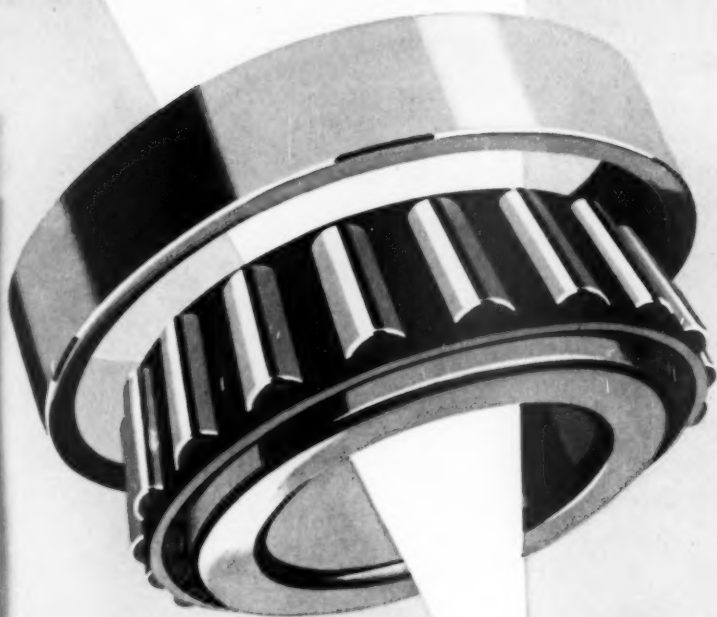


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FEB. 2, 1952

IMPROVED BEARING DESIGN

means longer tractor life!



Farmers today know their equipment. They are quick to notice, for example, that tractors and implements equipped with Bower Spher-O-Honed bearings operate efficiently year in and year out with little or no bearing maintenance, almost never break down due to bearing failure. Each of these important end-product advantages can be traced directly to specific Bower engineering advances such as the spherical contour of the roll-heads and flange surfaces, the generous oil groove and smooth, precisely finished races. Put this extra value to work for you; specify Bower Spher-O-Honed bearings for your product!

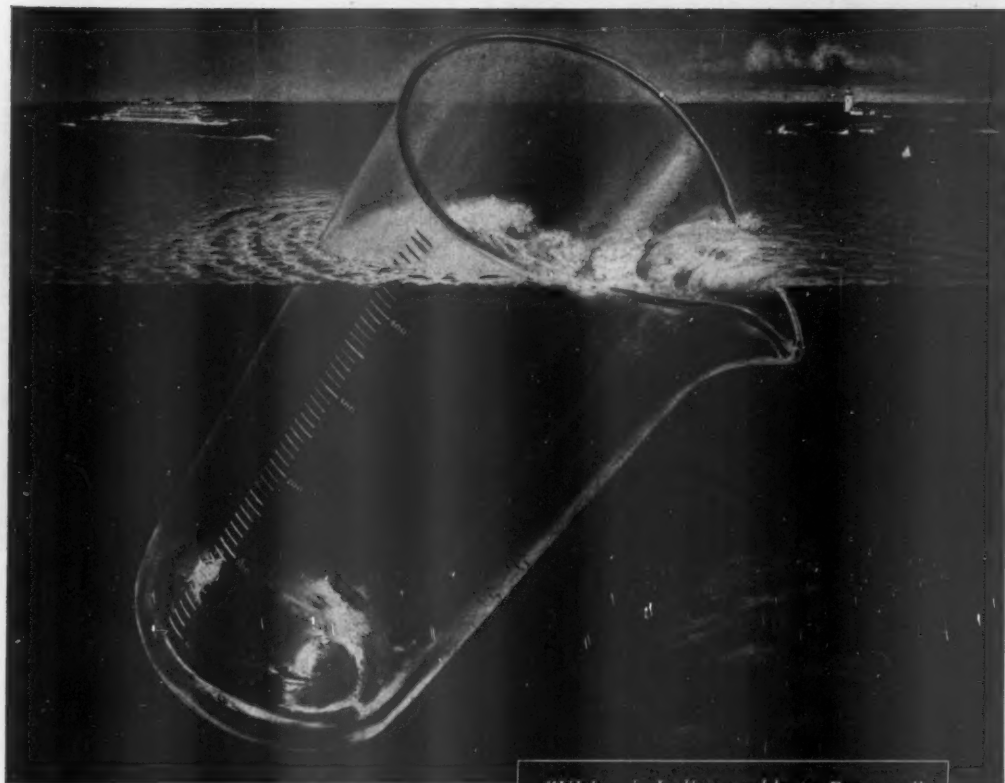
BOWER ROLLER BEARING COMPANY
Detroit 14, Michigan



BOWER

ROLLER BEARINGS





"Vision is Indispensable to Progress"

How much salt water contains 5-million tons of metal?

The chemical industry, in extracting magnesium from sea water, works one of its many modern miracles. In each cubic mile there are 5-million tons of this ultra-lightweight metal!

Through equally fantastic chemical magic, this industry turns soybeans into paint, natural gas into television cabinets and coal into shower curtains! Even more fabulous is the ability of the research chemist to take apart various forms of matter, molecule by molecule, and put them together to form entirely new substances

never found in nature.

Basic chemical raw materials, previously imported or refined at great expense, now are produced synthetically in volume from abundant local materials. From hydro-carbons alone the chemical industry now produces over fifty-thousand compounds.

The vast changes in our econ-

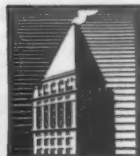
omy and the measurable advance toward continental self-sufficiency brought about by the chemical industry are typical of the forward strides being made by progressive American companies.

Only under a system of free competitive enterprise can men exercise the vision and initiative essential to such progress.

BANKERS TRUST COMPANY

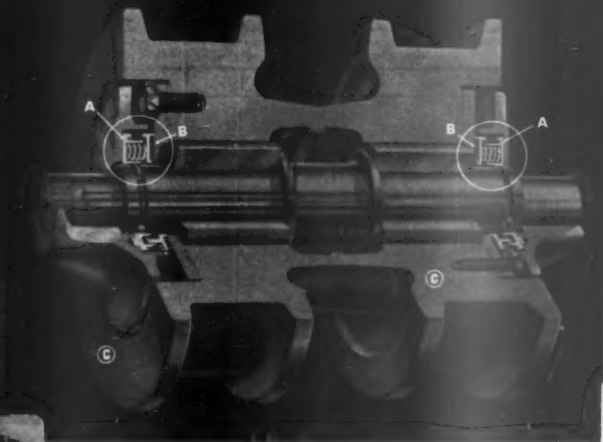
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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





THE SEAL OF COOPERATIVE RESEARCH



FROM KODIAK TO KARACHI CRAWLERS MUST ROLL WITH RELENTLESS DEPENDABILITY

PROBLEM: As International Harvester Crawlers roll through Arctic mud or burning sand, trackroller bearings must be continuously and effectively protected. The rollers which bear the full weight of the tractor rotate on stationary shafts mounted in a frame. These rollers, bearings and shafts are subject to great strain from various directions as the tractor rolls over uneven terrain.

Any intrusion of mud, dirt, water or sand would cause wear on the bearings and shafts. Efficient operation of the trackrollers requires the exclusion of all foreign material and retention of lubricant.

SOLUTION: C/R "Perfect" oil seal. (A), Type "VD" end face seal, mounted in a stationary housing which forms a cover for the shaft end. (B) The specially treated leather face of the seal operates in contact with a flat steel mating plate which rotates with the roller (C). These contact surfaces perform the sealing operation which excludes mud, dirt, water, sand and all road materials and retains bearing grease, a performance necessary for the relentless all-weather dependability of International Crawlers.

Solving tough or unusual sealing problems is C/R's specialty. That's why more automobiles, more agricultural and industrial machines are relying on C/R than any other sealing device.

CHICAGO RAWHIDE MANUFACTURING CO.

1299 Elston Avenue OIL SEAL DIVISION Chicago 22, Illinois

P.S. For immediate delivery, C/R "Perfect" oil seals are stocked in over 1800 sizes covering 15 different types.

C/R

Oil Seals

SIRVIS

Mechanical Leather Products

Boots, diaphragms, packings and other products give dependable service under difficult operating conditions.



SIRVENE

The Scientifically Compounded Elastomer

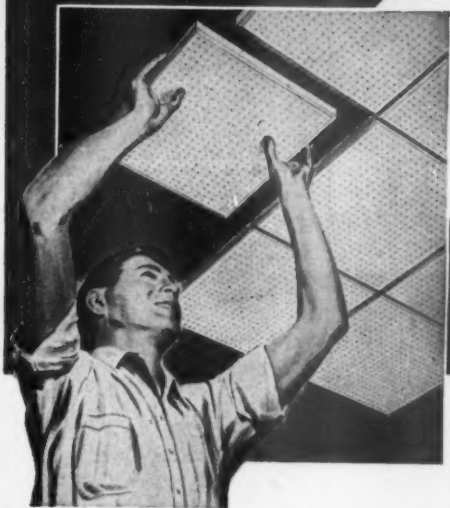
Custom-engineered and custom-built for critical service in aircraft, automotive and other mechanisms.



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*With this noise I can't
hear myself think!*



*Then it's time you
thought of a
FIBRETONE® Ceiling!*



Learn how easily Johns-Manville Fibretone Acoustical Ceilings can be installed to cut down distracting noise, increase efficiency, create better customer relations!

● Because distracting noise is so harmful to efficient business operation, practically all new building specifications include acoustical ceilings for sound absorption. However, just because your present building was constructed before sound control became an established science, there is no reason for you to be handicapped by noise. You can have a Johns-Manville Acoustical Ceiling quickly installed over your present ceiling.

Johns-Manville FIBRETONE offers an acoustical ceiling which is highly efficient and modest in cost. It consists of 12" square panels of sound-absorbing materials in which hundreds of small holes have been drilled. These holes act

as "noise traps" where sound energy is dissipated. Fibretone is predecorated, can be painted and repainted, and is available with a flame-resistant finish.

Other Johns-Manville Acoustical Ceilings include *Perma-coustic*®, a textured, noncombustible tile with great architectural appeal; *Transite*®, panels made of fireproof asbestos; and *Sanacoustic*®, perforated metal panels backed with a noncombustible, sound-absorbing element.

For a complete survey by a J-M acoustical expert, or for a free book entitled "Sound Control," write Johns-Manville, Box 158, Dept. BW, New York 16, N. Y. In Canada, write 199 Bay Street, Toronto 1, Ontario.

®Reg. U. S. Pat. Off.



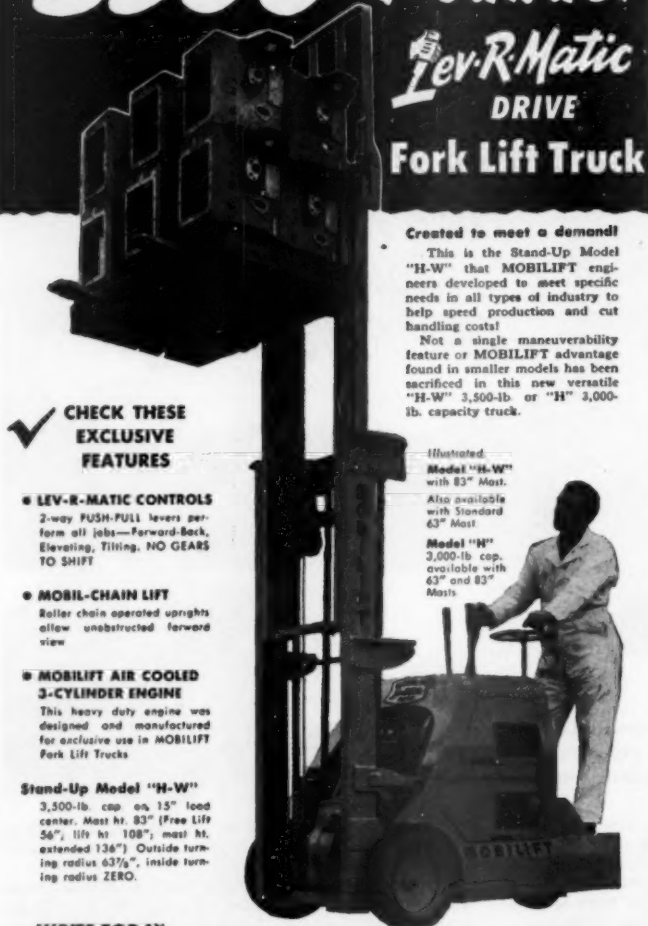
Johns-Manville

Movable Walls—Terraflax and Asphalt Tile Floors—Corrugated Transite®—Flexstone® Built-Up Roofs—Etc.

Now Available...the NEW

MOBILIFT 3500 Pounder

Ler-R-Matic
DRIVE
Fork Lift Truck



Created to meet a demand!

This is the Stand-Up Model "H-W" that MOBILIFT engineers developed to meet specific needs in all types of industry to help speed production and cut handling costs!

Not a single maneuverability feature or MOBILIFT advantage found in smaller models has been sacrificed in this new versatile "H-W" 3,500-lb. or "H" 3,000-lb. capacity truck.

Illustrated Model "H-W" with 83" Mast. Also available with Standard 63" Mast.

Model "H" 3,000-lb. cap. available with 63" and 83" Masts.

✓ CHECK THESE EXCLUSIVE FEATURES

• **LEV-R-MATIC CONTROLS**
2-way PUSH-PULL levers perform all jobs—Forward-Back, Elevating, Tilting, NO GEARS TO SHIFT

• **MOBIL-CHAIN LIFT**
Roller chain operated uprights allow unobstructed forward view

• **MOBILIFT AIR COOLED 3-CYLINDER ENGINE**
This heavy duty engine was designed and manufactured for exclusive use in MOBILIFT Fork Lift Trucks

Stand-Up Model "H-W"
3,500-lb. cap. on 15" load center. Mast ht. 83" (Free Lift 56"), lift ht. 108", mast ht. extended 136". Outside turning radius 63 1/2", inside turning radius ZERO.

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BUSINESS WEEK • Feb. 2, 1952



1. Cute Baby

This is Betsy Helveston as she appeared in a telephone advertisement in 1940.



2. Big Girl Now

Here's Betsy as she is today. She's grown a lot and changed a lot in the last twelve years.



3. He's Bigger Too

In the last twelve years, the number of Bell telephones has been increased from 16,500,000 to 37,300,000.

We've Been Growing Along With Betsy

While Betsy has been growing up, the telephone system has been growing too.

The figures are impressive. But far more important is what they mean in service to the people of this Nation.

Millions who never had telephones before now have them because the Bell System has added nearly 21,000,000 new telephones since January, 1940.

Business and industry are better able to serve the country because there are now more than three times as many Long Distance circuits.

The new coast-to-coast *Radio-Relay* system not only means better Long Distance service but also brings Television to millions more people.

Above all is the value of good telephone service to the productive capacity and security of the country. Nothing is more important to defense than quick, reliable communication.

BELL TELEPHONE SYSTEM



IMPROVED PRODUCT APPEARANCE....

WITH

Lamb Electric

SPECIAL APPLICATION FRACTIONAL HORSEPOWER MOTORS

an end result of special engineering



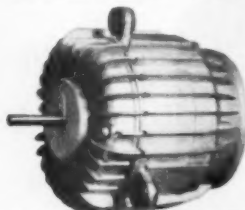
Universal motor parts for portable electric tools, garage equipment and other industrial devices.



A motor engineered for compact assemblies... as computing machines and other motor driven office equipment.



Compactly designed turbine provides dependable operation for canister-type vacuum cleaner.



An outstanding hair dryer motor. Has radial fins to improve radiation, self-oiling type bronze bearings, and rubber grommated lugs to insure quiet, vibrationless operation.

Appearance, an important factor whatever the service of the product, often can be greatly improved by the use of a specially engineered Lamb Electric Motor.

For example, reduction in product weight and compactness—two major steps in giving a product greater eye-appeal—frequently can be obtained with a Lamb Electric Motor, if it is considered in the early stages of product development.

Teaming up of your engineering department and ours also may result in product design changes which will improve product performance and lower cost.

The Lamb Electric Company • Kent, Ohio

THEY'RE POWERING AMERICA'S *Finest* PRODUCTS

Lamb Electric

SPECIAL APPLICATION FRACTIONAL HORSEPOWER MOTORS

In BUSINESS this WEEK...

• Air-Conditioning . . .

. . . your home is likely to be standard practice within a few years. That will make the business the Cinderella industry of the next decade. P. 21

• Bucking . . .

. . . for bigger appropriations, anti-trusters are starting new cases. The IBM case marks the trend. P. 25

• Injecting . . .

. . . new ideas into labor relations, a state board hopes to bring peace to New York's waterfront. P. 30

• Dipping . . .

. . . again in November, the income indexes reflect quirks in farm marketings. P. 58

• Slipping . . .

. . . year by year, the textile industry's traditional market district—Worth Street—reflects changes within a fast-moving industry. P. 84

• Digging . . .

. . . more coal is a must for Britain and Germany. It's the only way to break the biggest bottleneck in Europe's mobilization. P. 129

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FINISHING



DU PONT CHEMISTS measure flexibility and adhesion of a finish with this test device.



DULUX goes outdoors, too. This DULUX-finished bicycle will stay bright for years.

PRODUCTION UP With DULUX Furniture Finish, this two-man spray booth can coat over 1,000 pieces of furniture in a normal eight-hour day.

HOW BIG-VOLUME FURNITURE MANUFACTURERS . . .

Cut Top-Coat Costs 30% with Du Pont DULUX

One coat of high-build DULUX does the job of two coats of ordinary finish. This can mean a 30% reduction in finish-coat costs, 50% reduction in application time.

When furniture manufacturers first heard about Du Pont DULUX, it sounded almost too good to be true. Because the new Du Pont finish required only one spray operation, top coating time could be

cut 50% and top-coat costs as much as 30%!

In the decade since its development, DULUX Furniture Finish has helped sell millions of pieces of furniture at all price levels. Today, women know they can count

on any furniture made by Du Pont to resist marring, scratching, discoloration and printing—to keep its rich, satiny sheen for years in the home.

Do you have a finishing problem? For help, contact the Du Pont sales technician in your area, or write E. I. du Pont de Nemours & Co. (Inc.), Finishes Division, Wilmington, Delaware.

Du Pont Industrial Finishes

Serving industry with over 12,000 finish formulas, including specification finishes for defense work



BETTER THINGS FOR BETTER LIVING
... THROUGH CHEMISTRY

DULUX IS REG. U. S. PAT. OFF.



Money from *The Travelers*— weekly, when it's needed most

MORE AND MORE companies are adding Hospitalization, Sickness, Accident, Surgical and Medical Expense benefits to their Group Insurance Plans these days.

If your company is planning to take this step, here are two facts you ought to know:

1. You can expect that one out of every five of your people will be disabled during the year.
2. The average period of disability will be four weeks.

So if you and your employees are to get the most out of your Group plan, it should be set up by an insurance company that has the facilities to handle a lot of claims, to evaluate and pay them promptly and regularly, when the money is needed most.

The Travelers pays claims weekly by drafts drawn on local banks—and not in a lump sum after the employee is back at work.

That means money on the dot—to keep a man's family going when he is laid up. This results in greater employee

appreciation of your company plan and the way it takes care of them.

The Travelers can provide this kind of Claim service because we have 203 Claim service offices, conveniently located across the continent—far more than any other company writing Group Insurance. Through these offices, claims under your Group Insurance Plan can be *processed efficiently and paid promptly*—even though your employees may become ill or suffer an accident far from home.

Ask your Travelers agent or broker to tell you more about Travelers nationwide Claim service and how it can make your Group Insurance Plan pay off in greater employee satisfaction.

ON ALL FORMS OF EMPLOYEE INSURANCE YOU WILL

BE WELL SERVED BY *The Travelers*

The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, The Charter Oak Fire Insurance Company, Hartford 15, Connecticut. Serving the insuring public in the United States since 1864 and in Canada since 1865.

BUSINESS OUTLOOK

BUSINESS WEEK

FEBRUARY 2, 1952



Auto output this year probably will run 4-million, maybe more.

That's not too bad by prewar standards. But, with some 42-million passenger cars on the roads and many of these way over-age, a total of 4-million won't go much beyond replacement needs.

That, by summer, will put the squeeze on new car buyers.

Rising unemployment in Detroit has already caused the National Production Authority to boost auto makers' metal allocations.

Allowable output is a million passenger cars for the first quarter. The second-quarter ceiling is supposed to be 930,000—if copper for 800,000 and aluminum for 900,000 can be stretched that far.

Glum Detroiters are now getting a bit more hopeful.

They see enough metal—from stockpile, if necessary—to push the half year's output very close to the 2-million mark.

Auto output at a 4-million-a-year clip really represents a fairly small cutback from recent levels.

True, 5.3-million cars were turned out in 1951 (down from 6.7-million in 1950). But the lion's share of 1951 output came in the first six months; second-half production was only 2.2-million.

Car dealers are feeling a little better as new models come out.

Their trouble moving 1951 cars is about over. Buyers long had been standoffish; consumers didn't become any more avid with the air full of talk about 1952 models that would make "old" cars of unused 1951's.

Even so, floor stocks of most makes have been held down pretty well.

Jalopy scrapping finally is becoming a big thing in the car market.

R. L. Polk & Co., automotive statisticians, say that 3.7-million cars went off the roads in the year ended June 30, 1951. (In that period, some 6.7-million were built, for a net gain of 3-million.)

In no other past year had junking ever gone much over 2½-million.

Yet there still are a lot of "junkers" around. Some 5½-million cars over 14 years old are on the highways. In 1941, by comparison, there were only half-a-million jalopies of that vintage chugging around.

Over-age cars on the road insure a fine backlog of auto demand.

To be sure, the modern car unquestionably outlasts its brother of yesteryear. But crowded highways and numerous accidents—not to mention high incomes—foster new-car sales.

Truck output is likely to fall a good deal short of 1951's record 1.4-million. But, even so, indicated production of at least a million units is good by past standards.

And there are other pluses. Average value per unit will be raised by military buying. Then, too, the replacement market is good; the Polk estimates show the retirement of 660,000 in the year ended last June.

Skyrocketing machine tool production is beginning to loosen the defense program's worst bottleneck.

The shortage of metal-cutting tools has been slowing down a wide

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
FEBRUARY 2, 1952

range of armaments—especially aircraft engines (although changing specifications and alloy experiments also have impeded jet output). But tool makers finally can begin to see light beyond their backlogs.

Within the last three months tool output has risen by almost one-third. Order backlogs that, at last September's output rate, amounted to nearly two year's production, now could be run through in 1½ years.

Of course, a lot more orders would be forthcoming but for controls.

•
Sulfur in crude oil and natural gas is changing from a nuisance to a useful—and perhaps profitable—byproduct.

Brimstone makes oil or gas "sour." It has to be removed or the product loses value. Abundant and cheap sulfur in the past has made such removal a matter of dubious economics.

But there are angles. Sulfur is used in refining; the industry long ago saw its way clear to remove it from some sour oil and gas.

Now sulfur suddenly has become tight. Oil companies, turning out less than 5% of the U. S. supply today, will double capacity by the end of 1953, the Oil & Gas Journal reports. New plant will cost about \$10-million.

•
Oil companies won't vie for output honors with big sulfur producers like Texas Gulf and Freeport any time soon. Their recoverable sulfur is too limited, and costs may not be comparable. But sulfur from oil probably can compete with that from pyrites or other high-cost sources.

•
Higher oil prices may be in the cards—despite spreading "gas" wars.

Crude producers generally would like to see their product bringing \$3 a bbl. rather than the present \$2.65 (East Texas). But it remained for the Independent Petroleum Assn. of America to take steps.

Statisticians in the association's Washington office are working on cost figures for submission to the Office of Price Stabilization under the Capehart Amendment.

•
Fabricators of structural steel still have nearly enough business on their books to run them a year—2,670,202 tons, to be exact.

This large tonnage remained at the turn of the year, even though shipments had outrun new orders in five of the preceding seven months.

Shipments in 1951 totaled just over 2.7-million tons.

•
January brought no business upturn worth talking about.

That, at least, is the conclusion of the National Assn. of Purchasing Agents; 24% of its reporting members—the largest proportion since last August—told of lower production for the month.

•
Unemployment apparently showed more than the seasonal rise that always comes between December and January.

Disappointing business in some lines, cutbacks in others have been idling hands. Insured unemployment, after the holidays, jumped by 200,000; that's almost as sharp a rise as at the beginning of 1949.

Insured unemployment, at 1.3-million, is the highest since August, 1950. However, that looks big only by comparison with the almost unbelievably low figures for late 1950 and all of 1951.

More than 2½-million were drawing compensation at the 1949 peak.

A GIANT STRIDE FORWARD *in* ELECTRICAL WIRING

Uni-drawn, self-protected wiring with dry mineral insulation offers America its first Permanent Wiring System

- CHEMICAL INDUSTRIES
- COLD STORAGE
- MACHINE TOOL WIRING
- POWER PLANTS
- MARINE

SAFETY
MINERAL **m.i.** INSULATED
WIRING* SYSTEM
PYROTEMAX

SAFETY m.i. WIRING* SYSTEM provides advantages never before achieved!



OUTLASTS STRUCTURE IN WHICH INSTALLED!

Immune to age-deterioration due to its "all-mineral" construction. Unaffected by high temperatures resulting from current overloads, either accidentally imposed or to meet emergency increased power demands.

thereby, completely eliminated.



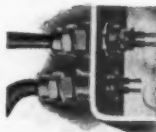
COMPLETELY MOISTURE-PROOF!

Simple fittings permanently seal both ends of each run of wiring. No possible entrance for moisture. Normal concern over this hazard is,

thereby, completely eliminated.

ONE-STEP INSTALLATION!

No additional mechanical protection required. Safety m.i. Wiring is its own conduit, installed in one operation with standard switch and junction boxes. Smaller diameter saves space, gives neat appearance,



RIGID YET FLEXIBLE!

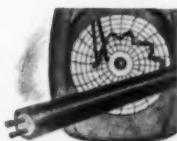
Thumb-pressure bending, in ordinary sizes, easily fashions orderly wall patterns — conforms wiring to any contour. Once formed, and fastened with standard clamps or straps, Safety m.i. Wiring stays put rigidly.



NO VAPOR PASSAGE!

Completely filled with compacted mineral insulation. No need for specially installed seals in the cable run normally required to prevent the passage of combustible gases through a wiring system.

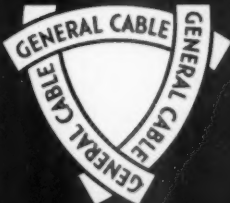
the melting point (1083° C.) of the copper sheath.



NO HEAT DETERIORATION!

The mineral insulation of Safety m.i. Wiring is physically stable up to 2800° C., thereby assuring against deterioration by heat, even beyond

*Exclusively a General Cable product.



**"More Power
to You"**

**GENERAL CABLE
CORPORATION**

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Finishing school graduates

THESE strikingly beautiful tumblers dramatically illustrate the fine finishes which can be applied to aluminum—either to enhance its natural beauty, or to protect the surface, or both.

The fact that aluminum can be finished in a wide variety of ways is an important reason why it is preferred for so many products. But it's *only one* reason...

For no other material possesses aluminum's *unique combination of advantages*—among which are lightness, strength, corrosion resistance, conductivity, heat and light reflectivity, workability, economy.

These properties explain why aluminum

is the most versatile of metals, required in ever greater quantities for today's military and civilian uses. To meet this need, Kaiser Aluminum is expanding facilities and will soon increase production 132 per cent.

The applications shown here are examples of various finishes possible with aluminum. Kaiser Aluminum engineers are eager to show manufacturers how this advantage, and others in combination, can improve products and reduce costs.

65 Kaiser Aluminum offices and warehouse distributors in principal cities. Kaiser Aluminum & Chemical Corporation, Oakland 12, Calif.

Kaiser Aluminum

A major producer in a growing industry



Natural finishing takes advantage of aluminum's *natural beauty*, illustrated by these muffin and pie tins. Costs are at a minimum because no further finishing steps are required. Result is a handsome bright surface, easy to clean.



Mechanical finishing, such as buffing, brings out high lustre of the metal. Methods include grinding, polishing, wire brushing, sand blasting, hammering, burnishing—used to provide decorative appearance or to form basis for further finishing.



Chemical finishing, such as the etching of name plates, is a low-cost, easy-to-handle process with aluminum. Also used to produce a clean, smooth surface for further finishing.

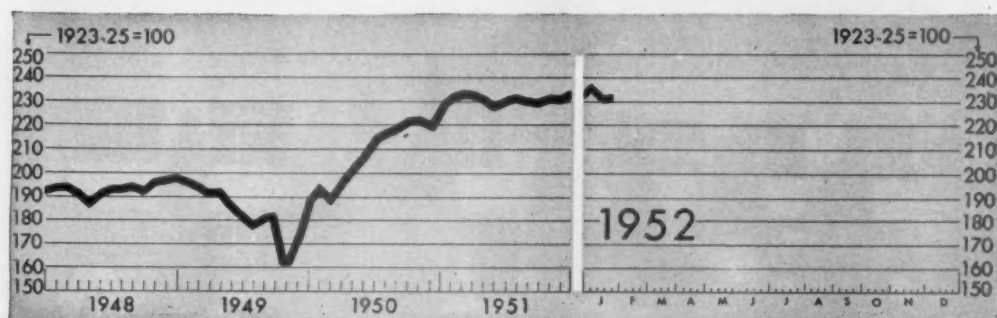


Electrolytic finishing, using anodizing, is applied to aircraft rivets to achieve a hard protective surface. Color, which is readily applied to aluminum, identifies rivets of various alloys.



Organic finishing—which includes painting, enamelling, lacquering and varnishing—is low in cost. These embossed aluminum milk bottle caps assure high brand identification and also reflect top quality.

FIGURES OF THE WEEK



Business Week Index (above) *235.2 †234.6 234.5 236.7 173.1

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Steel ingot production (thousands of tons).....	2,079	2,065	2,039	2,025	1,281
Production of automobiles and trucks.....	94,123	†98,669	39,488	167,869	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$43,819	\$43,406	\$31,414	\$56,158	\$17,083
Electric power output (millions kilowatt-hours).....	7,616	7,540	6,922	6,970	4,238
Crude oil and condensate production (daily av., thousands of bbls.).....	6,194	6,197	6,204	6,066	4,751
Bituminous coal production (daily average, thousands of tons).....	1,888	1,960	1,783	1,863	1,745

TRADE

Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars).....	74	72	66	79	82
Carloadings: all other (daily av., thousands of cars).....	51	52	46	51	53
Department store sales (change from same week of preceding year).....	-14%	-13%	+3%	+31%	+30%
Business failures (Dun and Bradstreet, number).....	142	158	163	193	217

PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100).....	456.3	455.2	458.8	528.3	311.9
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100).....	312.4	311.2	318.2	381.2	198.8
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100).....	355.5	352.7	361.0	405.7	274.7
Finished steel composite (Iron Age, lb.).....	4.131¢	4.131¢	4.131¢	4.131¢	2.686¢
Scrap steel composite (Iron Age, ton).....	\$42.00	\$42.00	\$42.00	\$47.75	\$20.27
Copper (electrolytic, Connecticut Valley: lb.).....	24.500¢	24.500¢	24.500¢	24.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$2.52	\$2.51	\$2.52	\$2.40	\$1.97
Cotton, daily price (middling, ten designated markets, lb.).....	41.65¢	41.66¢	41.81¢	#	30.55¢
Wool tops (Boston, lb.).....	\$2.20	\$2.25	\$2.25	\$4.40	\$1.51

FINANCE

90 stocks, price index (Standard & Poor's).....	194.7	193.8	188.4	170.6	135.7
Medium grade corporate bond yield (Baa issues, Moody's).....	3.55%	3.59%	3.63%	3.16%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	2½%	2½%	2½%	1½-2%	1-1½%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	54,586	54,544	54,059	51,684	††45,210
Total loans and investments, reporting member banks.....	73,583	74,217	74,878	70,384	††71,147
Commercial and agricultural loans, reporting member banks.....	21,286	21,441	21,592	18,018	††9,221
U. S. gov't and guaranteed obligations held, reporting member banks.....	32,166	32,283	32,522	32,443	††49,200
Total federal reserve credit outstanding.....	24,116	24,372	25,576	21,608	23,883

* Preliminary, week ended Jan. 26.

‡ Markets closed.

† Revised.

†† Estimate (BW—Jul. 12 '47, p16).

§ Date for "Latest Week" on each series on request

JENKINS Bros. Salutes SUNSHINE BISCUITS, Inc. On Their 50th Anniversary

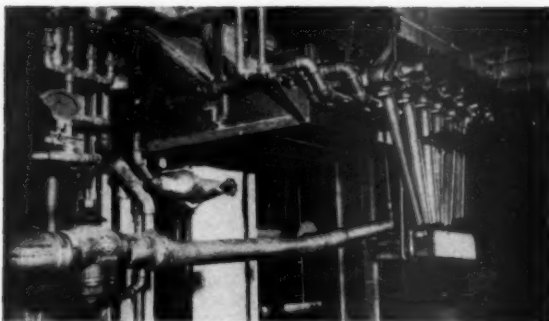


For enlargement of the Oakland, California plant of

Sunshine Biscuits, Inc.

proved low operating cost
dictates repeated choice of

Jenkins Valves



Complex piping like this for distributing heavy syrups and mixes in the Sunshine plant is one of the toughest proving grounds for valves, seeking out the slightest defects in design and construction.

The repeated choice of stainless steel, bronze, and iron Jenkins Valves for these lines and such other vital services as steam, water, and sanitation, is a significant tribute to their lasting dependability.

Supplying the entire West Coast with Sunshine bakery and candy products, the plant is a model of modern food engineering.



For the second enlargement of their Oakland branch, already one of the largest food manufacturing plants on the Pacific coast, the Sunshine bakers repeated their valve selection for the original building. A decade of experience with the low operating cost of Jenkins Valves confirmed their prior decision,—that the only true economy is to install the best valves money can buy.

This confidence in the *extra measure* of efficiency and endurance built into Jenkins Valves is shared by plant operating managements in every type of industry.

Despite this extra value, *you pay no more* for Jenkins Valves. For new installations, for all replacements, let the Jenkins Diamond be your guide to lasting valve economy. Jenkins Bros., 100 Park Avenue, New York 17. Jenkins Bros., Ltd., Montreal.

JENKINS
LOOK FOR THE DIAMOND MARK
VALVES



Jenkins Bros.

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
FEB. 2, 1952

A
BUSINESS
WEEK
SERVICE

For steel wages and prices, the next three weeks will be critical. Unless Washington O.K.'s satisfactory increases by the end of that time, the threat of an industrywide strike will be back.

Feb. 24 is the deadline, and the decision is up to Washington. President Murray of the steelworkers says he will pull a strike if wages aren't raised. Industry says it will take a strike unless it gets higher prices as an offset. There you have it.

Washington is stalling on the issue. It's supposed to fight inflation and the things that make inflation, such as wage-price leap-frogging. But it likes higher pay for labor (good politics), despite the fact that rising pay forces prices up (bad politics). So the delaying tactics keep putting off the day when higher steel prices finally have worked their way through the economy and begin to hit the ultimate consumer. The Administration doesn't want to pinch him very hard in an election year.

Steel wage raise is sure. Officials speculate on 15¢ as a minimum. They think Murray will delay a strike while this is worked out.

Prices will also go up, but the effort right now is to find a way to hike them without blaming the rise on wages. Officials are looking for a loophole in the price control law and think they will find it. One scheme is to interpret the Capehart Amendment (which Truman dislikes) as requiring an increase. The other is to rule that the steel industry was depressed—profitwise—in the base period and thus is entitled to relief.

Other wage-price increases will follow. Coal is one example: Lewis can reopen his contract anytime after Apr. 1. It's been a full year since the mine workers got their last raise. And Lewis always likes to show other labor leaders that he can outdo them on pay.

The use of living costs as a yardstick for wage levels now is a well-entrenched policy. Wage control is tied to living costs. So are many labor contracts. The result is a steady up-pushing. The auto industry is a good example. In the past year the unions got 10¢ from General Motors. And it looks as if they'll get another 3¢ Mar. 1. That's almost a cent an hour every month, a pretty fast clip.

Extension of controls will be late. The prospect is that renewal won't be voted until just ahead of the expiration deadline June 30.

The Administration is in no hurry. It wants all powers continued, and it wants those over prices and credit tightened up. But just now there's considerable softness at the retail level, and that weakens the control case.

Truman's advisers predict a business upturn when spring rolls in. So the plan is to hold back on controls and wait for consumer spending to put a fire under prices. Then will come the Administration push—controls to meet an emergency. It's the old scare technique.

Price and material decontrols aren't in the cards for a long time. The Defense Production Administration is willing to take various types of steel

WASHINGTON OUTLOOK [Continued]

WASHINGTON
BUREAU
FEB. 2, 1952

—chrome, for instance—out from under the Controlled Materials Plan. But the general surpluses will be of little consequence for another year, at least. As for prices, the Office of Price Stabilization is studying those that are below ceilings. But it's reluctant to make exemptions. That would start a flood of decontrol demands; and besides, the official OPS position still is that we face inflation.

Second-quarter metal allocations are being refigured in the wake of the decision to stretch out the military program (BW—Jan.26'52,p15). With a slower defense pace, there will be more metal for other uses.

"Nonessential" hard goods people will benefit—the makers of window frames and blinds, jewelry, sporting goods, metal household furnishings, toys, etc. They are small, mostly, and the hardest hit by the defense pinch.

They'll get more metal in one of two ways: Either allocations will be upped across the board, or a pool of metals will be created for the relief of hardship cases.

This may be the turning point on cutbacks. Officials aren't sure. But they think the first and second quarters will be the low points in civilian production, with more raw materials available thereafter. This assumes, of course, that the stretchout is no election gesture and that the foreign situation won't erupt into a new crisis.

Universal Military Training looks like a gone goose. Its backers, from the White House on down, failed to get church, college, and labor support in advance. Now it seems sure this opposition will bottle the legislation up.

Odds are against the St. Lawrence seaway, despite Truman's new plea. It's too controversial for Congress to handle in an election year.

A coal mine safety bill probably will be voted. Producers are split on the issue of federal enforcement, and this opens the way for action.

Truman could be forced to announce his intentions in 30 to 60 days. Support is developing for such men as Kefauver, Rayburn, and Barkley (page 22). The Truman faithful are getting uneasy. They'll stand by their boss. But they don't want to be tailend Charlies for some other candidate. So National Chairman McKinney is promising to get the word to them. The danger to Truman if he waits too long is a worse split than in 1948.

Eisenhower will detail his stand on foreign policy while in Europe. Word from his supporters here is that he plans some addresses abroad and in these he will remove any doubt as to where he lines up.

Gen. MacArthur may come out for Taft. That's how Washington reads his withdrawal from the New Hampshire primary. The general says he favors a candidate experienced in the "science of civil government." And that would seem to exclude Eisenhower.

Democratic strategy is pretty clear on domestic issues. It anticipates that the GOP will try to persuade the voters "they've had enough." So the Democrats will counter with "look how well off you are"—prosperity.

It's the full stomach vs. the stomachful. And it's potent.



GARDNER-DENVER COMPANY

DENVER, COLORADO

CABLE ADDRESS
ROCKWELL-DENVER, COLO.

December 4, 1951

The International Nickel Company, Inc.
67 Wall Street
New York 5, N. Y.

ATTENTION: Development and Research Division

Gentlemen:

For many years we have developed and manufactured equipment for use in mining, construction, petroleum, chemical and other fields.

Our products include pneumatic rock drills, compressors, mine car loaders, mud pumps, brine pumps and other equipment in this category.

In providing these products with the stamina to withstand wear, corrosion and impact, we have had, on numerous occasions, the benefit of valuable help from your technical field men.

Whenever called upon, your men studied the problems at hand and provided us with information based on wide practical experience in casting, heat treating, machining and other fabricating operations. Their recommendations in regard to various nickel alloys have proved especially useful.

We greatly appreciate the substantial help freely given us by your technical men, and we thank you for making their services available.

Very truly yours,

GARDNER-DENVER COMPANY

F. R. Anderson
Chief Metallurgist

**An example
of INCO
Technical
Assistance**

At the present time, the bulk of the nickel produced is being diverted to defense. Through application to the appropriate authorities, nickel is obtainable for the production of engineering alloys for many end uses in defense and defense-supporting industries.



We shall continue to make available to industry technical data and service experience on alloys containing nickel, as dissemination of such information can help promote the intelligent utilization of critical materials.

THE INTERNATIONAL NICKEL COMPANY, INC. 67 WALL STREET
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A system that Sniffs for Smoke thwarts these disasters at sea!

Modern fire-proof construction, plus new instrument fire detecting systems which continuously sniff for fire smoke, now help make America's ships the safest afloat.

From all vital areas on shipboard, samples of the air are drawn through small piping and continuously tested by an automatic smoke detector located in the wheelhouse. Any trace of smoke is instantly detected, an alarm sounds, and the exact trouble spot indicated on the detector panel. Then the threatened area is flooded with clean, non-damaging CO_2 , and the fire extinguished before extensive damage can occur.

In the development of this advanced system of fire detection Weston instruments played an important part. The photocell used to detect smoke

and measure its density is the *Photronic cell . . . chosen because of its dependability and long life. The relay which sounds the alarm is the famous *Sensitrol relay . . . chosen because its high sensitivity and exclusive magnetic contacts provide positive operation direct from the minute cell output; eliminating all need for amplification equipment.

Thus in the development of fire fighting systems, as well as equipment and processes for all other industries, engineers find the answer to critical measurement and control problems at WESTON . . . whether they involve electricity, light, speed, temperature or pressure. WESTON Electrical Instrument Corporation, 617 Frelinghuysen Avenue, Newark 5, New Jersey . . . manufacturers of Weston and TAGliabue instruments.



WESTON *Instruments* . . . TO INDICATE—RECORD—CONTROL



STALEMATED TRUCE TALKS in Korea combined with the Red threat to Indo-China force the U.S. to a decision:

In Far East: No More Limited War

In Paris this week the U.S., Britain, and France warned Moscow and Peiping that any new aggression in Asia would lead to immediate retaliation by the West. Back of this warning is a definite shift in Washington's Far East policy.

All the details aren't settled yet. But the general outlines of a new and risk-filled U.S. policy are taking shape. It's a policy that could easily lead to general war in the Far East, perhaps to World War III. Even if that stage is never reached, it may bring some shift of emphasis in U.S. military planning—away from Europe and toward Asia.

• **Three Threats**—In formulating this policy, the U.S. has to consider at least three threatening possibilities:

- What if the Communists drag out the Korean truce talks indefinitely?
- What if there is a Korean truce, but the Chinese Communists break it?
- What if Red China moves in Southeast Asia, say in Indo-China or Burma?

Under the policy that's taking shape, the answer to any of these would be retaliation by sea and air on mainland China. In case of a broken truce, or

an outright invasion of Indo-China, chances are the retaliation would be immediate and would include use of atomic weapons on military targets.

Decisions like these, especially in the case of Korea, could seriously strain the Atlantic Alliance. Prime Minister Churchill already is facing a storm of opposition in Britain for suggesting that he would go along with a retaliation policy if there's a truce violation in Korea.

• **Assumptions**—Up to this point, the U.S. has followed a limited war policy in the Far East on one assumption—that the Kremlin doesn't want world war and that the Reds bungled into South Korea because they thought the West would not defend it.

This assumption looks more questionable every day. From here on, we will go on the assumption that a new aggression, in the face of the West's warning, means that the Kremlin is willing to gamble on world war to gain its ends in Asia.

Here are the dangers the U.S. now faces in the Far East and the ways it might meet them.

1 No truce in Korea. Two methods of breaking the present deadlock are being kicked around unofficially in Washington: On the one hand, there's talk of a new U.N. drive to the narrow neck of North Korea. Because there's a real military stalemate now, this would require big reinforcements of U.S. strength. It would be hard to get support for this in an election year. But political pressure for a Korean showdown might be even stronger.

Another idea is to have the U.N., or the U.S. alone, declare that the present battleline will be guaranteed by a threat of retaliation against Red China. The aim of this plan is to force the Communists to accept a de facto truce at the present line so the U.N. could start pulling out its ground forces.

There would be a real risk of general war if either of these courses were taken. So neither tactic will be tried immediately. But something of the sort will be definitely in the cards if there is no truce in the next few months.

2 Truce violation. If there is a truce in Korea, the West has decided to pull

the bulk of its troops out of the peninsula. It would guarantee the truce with a threat of air and naval retaliation against China. Thus a Communist violation would bring the world to the brink of war. For it would almost certainly force the Russians to help China directly, under the terms of the Sino-Soviet alliance.

3 Red move in Indo-China. A full-scale invasion of Indo-China by the Chinese Reds would bring immediate Western air blows against Chinese military targets. The West doesn't have the troops available to fight a ground war in Southeast Asia.

The West can't afford to let Indo-China go without a fight. It's the key to all of Southeast Asia, including Siam, Burma, and Malaya. Without this area's raw material, Western Europe's economic position would be even worse than it is today. That's why Britain and France are sure to go along with U.S. policy in Southeast Asia even at the risk of weakening NATO.

Moreover, the West couldn't pull out if it wanted to. The French have 185,000 troops in Indo-China, plus another 100,000 civilians. There aren't enough ships to evacuate such numbers.

Even a gradual Chinese infiltration of Indo-China would provoke the West, though more slowly. The U.S. would meet the threat by giving the French air and naval support. But probably the end result would be the same.

• Long Range—A change in the Communists' tune in the Far East is a possibility. For example, they might agree to a Korean truce in the next few weeks. But that wouldn't end the danger of eventual Communist conquest of the area. The economic and political threat of communism in Asia will stay with us for a long time. It can be countered only with long-range Western political and economic policies.

Washington now realizes that we can't stand still in the Far East. So even if the immediate threat in Korea and Indo-China should be removed, we'll push to build up Japan's strength and to give the French enough help to clear the Reds out of Indo-China.

You could see the signs of such a policy in what John Foster Dulles, State Dept. adviser, told a Senate committee last week. Even for this policy, the U.S. might have to allocate military aid and its own military strength more evenly between Europe and Asia.

• Economic Race—The economic problem is to raise living standards in Free Asia faster than the Communists do in China. And this has to be done in a way that proves the West isn't out to reestablish colonialism or to substitute American imperialism for the old order.

The economic challenge shows up most clearly in India and Japan. India

today is running a 5-million-ton annual food deficit. Unless big gains are made in raising food output, the deficit will be 12-million tons by 1956. Now you can see the results of the food shortage in the gains the Communists have just made in the Indian elections. If India is to stay free, this food problem will have to be solved.

• Japanese Problem—The Japanese problem is more complicated. The Japanese must fight their way back into the world market and completely reorient their trade away from Communist China—toward Southeast Asia, India and Pakistan, South America. This

must be done in the face of bitter hostility in the Far East and Europe.

In theory, Japan could become the workshop of an expanding Far Eastern economy. But this economy would have to be expanded both fast and far to provide a big enough market for both Japan and Western Europe. Only the U.S. could finance such a program. And to finance it during the European rearmament period might mean taking U.S. aid away from Europe or boosting the total foreign aid bill. But if the economic job isn't done in the Far East, there'll be no end to the troubles there.



U. S. Mercury Gets a New Body . . .



. . . German Ford Gets a Face Lifting

U.S. motorists, and the auto industry, will have good reason to watch the 1952 Mercury go by. It's one of the few 1952 autos that's got a new redesigned body, which features a stronger chassis. It has a lot of new style changes, too, such as its

low flat hood with aircoop-like projection and massive, wrap-around bumper. The redesigned German Ford with a 38-hp. motor is priced at \$1,500 to Americans, about \$250 less than the selling price in Germany.

Air Conditioning: The Next Big Boom?

- Complete home units may become standard equipment for new houses in the late 1950s.
- That's because it has been brought down from the millionaire's level to the average pocketbook.
- The problem is selling the public on the idea that it isn't a luxury.
- Once that's done, air conditioning may hit the glory road, just as television did in the 1940s.

In at least one respect, the cave man had it all over modern man—and that was that he was a cave man. He lived in a cave because of its uniform temperature; nature kept his home air conditioned in the summer, warm in the winter.

• **Catching Up**—His descendants are just now beginning to catch up with him in the field of human comfort. And 10 years from now, chances are that a lot of them in the U.S. will be right up even with him. From all the signs now, it looks as if air conditioning will soon be standard equipment in almost every new home being built.

The move is already strongly under way. This week General Electric Co. announced that in Dallas 300 new homes are going up with GE air conditioning built into them. The important fact is this: The air-conditioning system, installed, costs \$1,200 in a house that already has ducts for hot-air heat. Result: The air-conditioned Dallas houses will sell for under \$12,000.

• **Mass Production**—What the public hasn't realized yet is that this isn't nearly so sensational as it sounds. Home air conditioning is already on a mass-production basis. So every company selling air-conditioning equipment sells it for similar prices. And there are seven major companies in the year-round home air-conditioning field: York Corp., Carrier Corp., General Electric, Servel, Inc., Chrysler Corp., American Radiator and Standard Sanitary Corp., the Trane Co. Already builders all over the U.S. are putting up houses with the product of one of these companies installed.

The public hasn't realized, either, just what air conditioning is; it thinks of it in terms of air cooling, or refrigeration. Actually, air conditioning today usually includes both heating and cooling, thermostatic control, cleaning of the air, and careful humidity control. The air-conditioning industry is now prepared to put all this in a package for only a few hundred dollars more than

you pay for a heating system alone.

• **For Everyone**—This is why the manufacturers are convinced that, barring war or depression, they will be the Cinderella industry of the late 1950s. Said one industry spokesman: "This is going to be, at the very least, like television was in the late 1940s. More likely, the air-conditioning business curve will look like that of the auto industry. Eventually, every family that can afford a car for its garage can afford air conditioning for its home."

Just when that time comes depends to a large extent on how fast the industry can educate the public. That's a big job because of two common ideas: (1) that home air conditioning is something only for millionaires; and (2) that it's unhealthy, anyway. (The second idea came largely from the old air-cooled neighborhood theaters, which advertised, and supplied, air "20 deg. cooler" than outside.)

• **Price Problems**—The price concept, the industry feels, is the big obstacle. It has to try to teach people that air conditioning is no longer a luxury reserved for the wealthy. Said Thomas F. Morrow of Chrysler's staff: "It wasn't too many years ago that central heating looked like an expensive proposition, too. People had to get used to the idea; they had been accustomed to single-room heating facilities. Air conditioning is in that stage now. People have got used to the convenience and comfort of one-room air-conditioning units. It'll just be a matter of time until they are willing to accept the cost of air-conditioning the entire house."

It will probably have to be a public acceptance of cost rather than a drop in price that turns the trick. The reason is that modern air-conditioning equipment has been simplified about as far as it can be—unless and until some revolutionary new development comes along. And since they are on a mass-production basis now, firms can't cut costs much more on the assembly line.

• **Basic Principle**—Today most air-conditioning units operate on the same

basic principle. Essentially, they are little more than overgrown electric refrigerators. Air passes over coils containing a refrigerant, is dehumidified, then is forced by a fan through ducts into each room. The refrigerant circulating through the coils takes the heat out of the air passing over and dissipates it elsewhere. The fuel for units of this type is electricity.

Servel, Inc., makes a different type of unit right now. This system uses water as the refrigerant, using heat to vaporize it at low pressure, then converting it quickly back to water at high pressure. It is then cold and circulates through coils over which air to be conditioned passes.

Servel thinks it has an advantage over its competitors with this system because instead of electricity it uses as its main fuel source either gas, oil, or steam—whatever is most economical in the particular area.

• **The Heat Pump**—But both Servel and everyone else in the field are likely to get some rough competition from a new General Electric development. Last November GE announced that it had perfected and started manufacturing a single-unit, year-round air conditioner called a heat pump. Here again, this machine is little more than a large refrigerator—except that it can be used either to heat or cool a house.

To heat a house, the heat pump actually takes heat from the outside air (heat exists in the air at all temperatures). In effect, it is a refrigerator that can be reversed. The ordinary refrigerator takes heat from inside the box and dissipates it into the room. The heat pump gets heat by evaporating a refrigerant outside. Then, by compressing the refrigerant inside the house, it raises the temperature and gives off heat. In the summertime, the process is reversed to cool the house.

The heat pump works completely automatically; the machine senses whether the temperature within the house calls for heating or cooling and acts accordingly. GE claims that the average cost of operation runs about the same as for present individual heating and cooling equipment. Average cost of the new unit runs \$2,300.

• **House Design Changes**—As the air-conditioned home becomes more and more common, you will see big changes in house design. Air-conditioning officials say that it will do away with the need for breezeways, screened porches, even door and window screens, now required to get a breath of air on a hot day. With the need for ventilation requirements gone, there will be more freedom in the placement of windows.



STILL TOP FAVORITE, Truman will keep them guessing. Meantime . . .



OLD FAVORITES in the Fair Deal camp. But Barkley (left) is



YOUNG HOPEFUL Kefauver (above) has thrown his coonskin hat in the ring, but he's in

Democrats Jockey for a Place in Line—

There's more than just fun in President Truman's guessing game about whether he will run again. His secret is all-important:

- To the Democratic Party's plans for the 1952 convention and campaign;
- To the hopes and ambitions of other would-be candidates.

After all, any incumbent has over-riding power to take his party's nomination if he wishes. And if he chooses to step aside, he still has tremendous influence in naming his successor.

• **Poker Hand**—Last week's jockeying between the President and Washington

reporters is the best possible example of the President's political skill, and an illustration of how Truman can and will keep his silence until the moment he thinks best for announcing his intentions.

He was asked: Do you now know whether or not you are going to run?

Yes, he knows what he is going to do, was the answer, and when he gets around to it he will tell you all about it.

Well, would Governor Stevenson of Illinois be a good candidate? (The big rumor of the week was that Truman

had tagged Adlai Stevenson for President and W. Averell Harriman for Vice-President—if Truman decided to step down.)

The reply: Every Democrat is a good candidate. It runs in the blood.

Did the President think Stevenson has the qualifications to be a good President?

Came the side-stepping reply: Truman is not in a position as President to endorse a candidate for President—except one that he could endorse if he took a notion to.

There it was. Truman had com-



too old; and Rayburn (right) has home-state troubles.



the White House's black books. Stevenson (above) is emerging as a likely candidate, if Truman doesn't decide to run himself.



SOUTHERN STRATEGIST Byrnes will lead the not-so-solid South.

After Truman

pleted the circle, and still no one was any surer of his plans than before. Truman promised that he might have something to say by Apr. 29—the final date for candidates to file for senator from Missouri. But whether he would merely announce that he was not interested in being senator, or whether he would give his Presidential intentions, was not known. You could get a lot of argument from the politicians, though, that Apr. 29 is far too early for Truman to let the cat out of the bag.

• **On His Own**—It's a brave politician who goes ahead and throws his hat in

the ring without any kind of word from the President. He incurs the Administration's wrath for jumping the gun, whether the President runs or not.

There's already one such, Sen. Estes Kefauver of Tennessee. Last week he announced he was in to the finish, and already it's obvious that Kefauver will be opposed by the Administration, by Truman, or by a Truman choice. The senator stirred the ire of the Kansas City, Chicago, and New York Democratic regulars with his crime investigation, and the bosses know that Kefauver would feel no loyalty toward them if he won the nomination and the election.

• **No Laughing Matter**—Truman admits that Kefauver's candidacy is no

laughing matter. He belittled Kefauver at his news conference, but he has told intimates that Kefauver is hot, politically. And Truman doesn't know whether he can retire and still stop Kefauver's nomination, a point to remember in watching events between now and the late spring when Truman will announce his plans.

Kefauver's strength, oddly enough, is in the East and in the cities, despite organization opposition. Like Republican Gen. Eisenhower, right now Kefauver claims more strength among the rank and file than he can among the professionals.

But he whipped two of the best pros of all in 1948 when he was elected in Tennessee over the bitter opposition of

Memphis boss Ed Crump and Crump's man in Washington, Sen. Kenneth D. McKellar.

• **TV Idol**—Kefauver can match a New Deal and Fair Deal voting record with any of the Democrats who will be in the race if Truman withdraws. He is internationalist, pro-labor, pro-Fair Deal welfare programs, and on civil rights issues is less extreme than most Southerners, though still opposed.

Kefauver's strong point, of course, is his sensational record as crime buster on television. His committee counsel then, Rudolph Halley, has already shown, with his election as president of the New York City Council, that anti-crime pays in politics.

• **It's Truman's Deal**—You probably will see no other serious challenger unless and until Truman makes a move. Even Southerners will hold their peace. Whether they try to split the party again will depend on (1) the candidate's views on civil rights, and (2) the civil rights plank in the party platform. Gov. James F. Byrnes of South Carolina will lead the South's strategy before, during, and after the convention. And he has no eagerness for belting the party except as a last resort.

The stories now circulating about Truman's preference for Gov. Stevenson of Illinois are being taken seriously. Stevenson won in Illinois by an almost half-a-million majority in 1948, pulling Truman through that state in a surprise upset. He is the Midwest's most attractive Democrat, whose domestic views are liked by labor, and whose international views are foreshadowed with the Administration.

• **Running Mate?**—Stevenson qualifies as Truman's choice for President, in the event that Truman does finally step aside; but equally, he qualifies as a running mate, should Vice-President Barkley be replaced.

Along with Kefauver, Stevenson could put forth a banner of clean government to offset Republican charges of Democratic corruption. Stevenson did a clean-up job at Springfield after his election in 1948.

His weaknesses are those of almost any northern Administration Democrat. The South opposes his views on civil rights, conservatives don't like his Fair Deal domestic outlook, and enemies of the Truman-Acheson foreign policy oppose Stevenson's support of the European defense buildup.

• **Shoes Are Too Big**—But no Democrat with any chance of winning the nomination can satisfy those factions—not even old war horses like Vice-President Barkley and Speaker Sam Rayburn.

The South probably would stomach either one. But Barkley is pretty old for four years in the White House—he was 74 last November. And Ray-

burn is still plagued with a home-state situation that has kept him from getting on the ticket before. He can't get Texas Democrats to support him 100%.

Rayburn is strong among Democrats the country over. His Rayburn school of politics in the House has graduated scores on scores of congressmen.

But he is loyal to Truman and won't make any effort without considerable Administration backing.

Barkley is the old party men's best loved. He has been a key man since 1932. But time has probably passed him by.

• **What It Takes**—Every aspirant except Truman suffers a lack of organizational strength. The man that gets the nomination, should Truman retire, will be the man who can today get second-choice pledges from organization Democrats.

And those will be hard to get. No state chairman or national committeeman will want to commit himself until he gets a sign from Truman, himself. The professional wants to be right—either behind Truman or the man Truman endorses.

And Truman, like any boss—of a chamber of commerce, a state, a corporation, or a nation—finds it hard to believe anybody can possibly take over successfully.



New Vistas for Crippled

Pressing a lever pulls in the wheels of this chair as much as 5½ in., thus permits it to pass through narrower doorways. M. Arnold Lerman, its designer, thinks it will open new jobs for the crippled.

Sights on Homes...

... are raised to 800,000 units in 1952. But builders must stretch materials allotted for 660,000 to do it.

Government planners have tacked up an 800,000-unit target for residential housing construction in 1952.

There's a catch, though. National Production Authority wants the 800,000 units to be scrambled out of critical materials that had been allotted for 660,000 units. To help in the scrambling, NPA is going to let the homebuilders work under a set of revised rules. Housing and Home Finance Agency has the job of drawing up and administering the new code.

• **Maverick**—NPA sees one big advantage in the move: It will get housing—a prime pain in any controller's neck—out of NPA's bailiwick. The planners have already found that homes just won't play according to blueprint. Last year credit restrictions were supposed to dry up the market. But the public gaily demonstrated that it could absorb a lot more houses than NPA had expected when it figured the steel, copper, and other critical materials. In fact, last year, with 1,090,000 housing starts was the second-largest in history.

Right now Raymond M. Foley, HHFA Administrator, is puzzling out the new rules that he says will bring 800,000 units within reach. After he does his stuff, it will be up to the builders to bridge the rest of the gap by conserving materials and digging up hidden inventory.

• **Permits**—First problem for Foley to decide is the limit to be set on self-authorization of new starts, by which contractors write their own orders for critical materials. Government people have always shied away from a permit system on dwellings from single-family up to four-family structures. Chances are that HHFA will continue self-authorization in the small-house category, but will lower the limits for use of critical materials, especially copper.

The present self-authorization limit on a single-family house is 160 lb. of copper if copper water pipe is used, 35 lb. if the water pipe is steel. For carbon steel, the limits on these houses are now 1,450 lb. and 1,800 lb. respectively. Cuts are now predicted on all these amounts.

At the same time, the order is expected to set maximum sizes and weights for pipe and wiring. No limitations are expected for the heating plant. There's a strong chance that floor area and number of bathrooms will be limited.



- After Korea there was short moratorium on antitrust cases.
- For a year the moratorium has been easing up. Now the IBM case gives the tip-off on more big cases to come.
- H. Graham Morison, chief of the division, is out to prove that it rates a big boost in its appropriation—up to \$3¾-million.
- He figures the way to get it is to show he's worth it. He has a green light, too, from mobilization chiefs. But defense needs still keep a loose rein on his activities.
- IBM isn't his only post-Korea case. Others were retail druggists, Chicago dairies, auto wheel makers, crankshaft manufacturers.

Antitrusters Get Set for a Big Year

The antitrusters of the Justice Dept. are out to make 1952 one of their big years—and right now they see no reason why they can't do just that.

When Korea began, an unofficial antitrust "moratorium" set in. But it has been easing ever since. The filing of the big case against International Business Machines last week is a tipoff. You can count on the antitrusters turning up the heat from now at least through June.

• **Green Light**—Antitrust chief H. Graham Morison (above) has a go-ahead from the higherups, including Charles E. Wilson, chief mobilizer. Only the biggest cases—and that means bigger than IBM—will be checked with Wilson for their impact on arms production.

The figuring runs like this: There was real reason for the World War II moratorium. The idea then was to let nothing, not even a minor irritation, interfere with industry's drive for production of war goods.

Now things are different. We aren't in an all-out war. The guns-and-butter type of economy leaves room for plenty of antitrust activity.

On the other hand, the antitrusters can't quite adopt a "business as usual" attitude. For instance, you can't file a splitup suit against U.S. Steel at a time when another arm of the government

is helping the corporation to add a new \$400-million plant to its capacity.

There's room for a lot of antitrust suits under this rather high ceiling. And the division is tooling up to handle them. Antitrust appropriations—and manpower—have built up to a lot higher point than before World War II.

• **Revival**—After the war the antitrusters began making up for their wartime years of marking time. On the policy front, they began slapping suits—lots of them—against the really big outfits.

One of their biggest boosts came from the Republican 80th Congress. In two years—fiscal 1947 and 1948—it boosted antitrust money by 28%—about \$500,000. Then President Truman and the Democrats won, and—now to be outdone—they boosted antitrust appropriations again, hitting a total of \$3½-million in fiscal 1951.

But fiscal 1951 began a few days after Korea, and antitrust wasn't sure what was ahead in October. Herbert Bergson resigned as antitrust chief, having made his record as a hard-hitting government lawyer and administrator. Not until February of 1951—after Charles E. Wilson had come in as chief mobilizer—did the present antitrust chief, H. Graham Morison, take over.

• **Pruned**—The division got caught in the switches, budgetwise, and Congress

cut its money by half-a-million dollars—or about 70 out of its 250 lawyers. This year Morison is out to get his funds back to \$3½-million—the amount that's in the budget request. That'll give him back 55 of the 70 men he lost.

Between now and June he's out to show that his case record backs up his request for additional manpower. Looking at the record since last July, when the current year began, you'd say Morison has a long way to go. Only eight cases have been filed. But this is the normal pattern.

• **Controls Angle**—Not all the cases will be big ones. In fact, the environment of government controls complicates things and makes it tougher for the antitrusters.

• **What to Look For**—Nevertheless, the IBM case gives you an idea of what to expect. Just about everything in the antitrust book was thrown at the company. It was charged with monopolizing the tabulating machine business, monopolizing the tabulating machine card business, monopolizing tabulating machine patents.

In the book thrown at IBM were these chapters: refusal to sell its machines, and insisting on leasing; barring the use of attachments not having prior approval of IBM; barring experimentation with machines without prior ap-

proval of IBM; writing provisions in its leases that in effect required customers to buy only IBM cards; preventing the growth of independent businesses for maintaining and repairing tabulating machines, and for the manufacture and distribution of replacement parts.

• **Bigness**—The question of "bigness" is one of the easiest angles in the IBM case, the antitrusters hint. They figure IBM's position in the business leaves no room for any doubt. IBM owns about 100% of the electrical tabulating machines in the country—which is about 90% of all tabulating machines, including mechanical.

During 1948-50, the antitrusters say, IBM had leased more than 100,000 machines to more than 6,000 lessees at an annual rental of about \$100-million. Government rentals for the equipment, it's estimated, were about \$25-million during 1951.

The balance of the tabulating machines in the U.S. are mostly Remington Rand's mechanical machines—which Remington Rand either sells or leases.

The remedies asked are about what you would expect. The court is asked to end all these restrictions on the use of the machines and to require the company to sell them. The antitrusters want it made easier to set up maintenance and service bureaus as independent businesses not tied to IBM. They want IBM's patents and technical knowhow "dissipated" to the degree necessary "to promote free and unfettered competition."

• **Wait and See**—The antitrusters are deliberately vague about what kind of divestiture or splitup of IBM they would like to see. But there's language in their complaint that leaves them free to ask for just about anything. What they want first is to get a verdict that IBM is a monopoly and that its practices are illegal. If they win that, then they'll come in and tell the court what they think should be done, including any splitup they think fits the situation at the time.

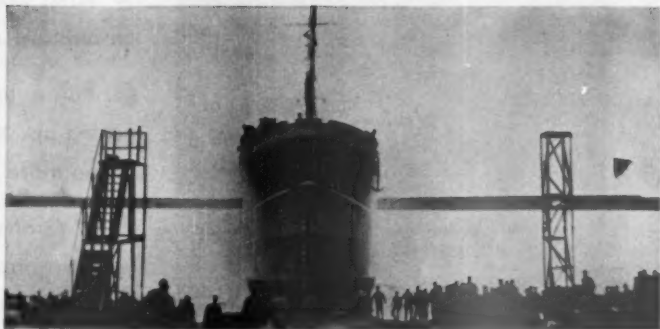
Now the antitrusters are casting an eye on even bigger game than IBM. As a warm-up, they've taken on quite a few cases that have gradually been relaxing the post-Korea moratorium. Here are some of the most important:

Retail druggists. Pittsburgh druggists were accused of trying to enforce retail price maintenance, despite the Supreme Court ruling.

Chicago dairies. Nine dairies were accused of agreeing to allocate wholesale customers among themselves.

Auto wheels. Three companies were accused of using patents to monopolize the stamped metal wheel industry.

Crankshafts. A group was accused of monopolizing induction-hardened crankshafts.



Nice Day for a Launching. Or Is It? . . .



. . . Newborn Italian Tanker Lists . . .



. . . Slumps Wearily to Harbor Bottom

A shipbuilder's nightmare came true in Naples when the motor tanker Pio Riego Gambini slid gracefully down the launching ways, hopped, and then flopped on its side in shallow water. Bystanders said the ship seemed to hit, and jump over, an obstacle just as it reached the water.

Ciro Pellegrino, owner of the shipyard, said the launching rails gave way

under the weight of the sliding ship. He blamed the accident on earlier storms that had shifted the sand on which foundations of the ways are laid.

Results of the official investigation have not been announced, but some engineers who saw the simultaneous birth and death of the motor tanker were inclined to go along with Pellegrino's explanation.

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That's why we are opening the pages of our next Ryerson Pictorial, free of charge, to the classified advertisements of steel users who have stagnant steel stocks they wish to dispose of. And we will also accept ads describing metal working machinery and equipment that are no longer needed. We will run these free ads on a first come, first served basis until the available space is filled. Deadline for copy is February 18. Listings should be furnished as follows:

Steel—Give kind or analysis, shape, length, size, finish, condition (good, fair, poor) and pounds or tons involved. For carbon steel we suggest passing up any item of much less than one ton because of space limitations.

Metal-Working Machinery & Related Equipment—Give kind or type, manufacturer, capacity and condition.

Ads will be identified by number so that names will not be disclosed, and classified by State and by type of steel or equipment. Replies will be forwarded to you promptly.

Since our Pictorial is regularly received by more than 100,000 steel users in every line of business, these ads will bring about a widespread exchange of information. As a result, many companies should be able to locate needed steel or equipment and, at the same time, dispose of items they don't need. But remember, this means of getting steel requires your cooperation.

So make a thorough check. If your idle steel and equipment is too good to scrap, let us help you sell it. Whether you scrap or sell you are helping the defense effort by putting every pound of idle steel to work again. Send listings of your stagnant steel and equipment to the nearest Ryerson plant by February 18 for publication in our Pictorial shortly thereafter.

NOTE—This plan is designed as an exchange between steel users (not black market brokers) in accordance with Government allotments and ceiling prices.

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road! It's priced at a fraction of the cost of conventional type
plant locomotives. It cuts costs, speeds hauling, saves time.

BUSINESS BRIEFS

Rephasing of warplane production this week knocked out most of the Wright R-3350 piston engine program at the Tonawanda (N. Y.) plant of Chevrolet Division, General Motors Corp. GM had assigned 3-million sq. ft. of plant space, but wasn't due to mass-produce till early 1953. Rumor: Curtiss-Wright Corp. will take over the rest of the program under the extended timetable.

Television makers get a chance to sound off in Washington Feb. 8 on National Production Authority's ban on mass production of color TV. Some theater installations may be O.K.'d, but no major change in the regulation is expected.

Turnabout: Windsor (Ont.) merchants are reported reluctant to accept U.S. dollars, now that Canada's dollar has hit par with ours (BW-Jan.26'52,p9). They're afraid U.S. dollars may be discounted if the present trend continues (BW-Jan.26'52,p108).

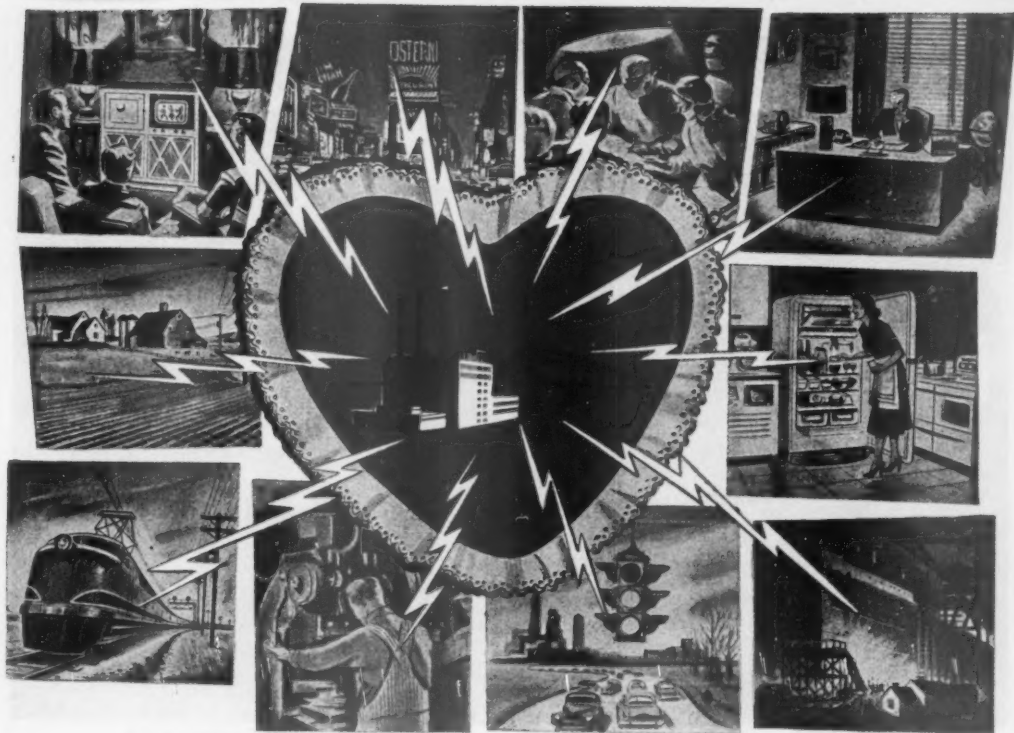
Loew's, Inc., is in line for a consent decree that would settle a government antitrust suit. If a federal court in New York approves on Feb. 6, Loew's will sell 24 of its theaters, mostly in the New York area, and split into film-producing and theater-owning companies. Loew's is the fifth and last major theater-owning producer in antitrust actions of the past 14 years.

The stock exchange is studying possible higher commissions for buying and selling securities.

New York State's weight-distance tax on trucks (BW-Oct.27'51,p34) is constitutional, a state court ruled last week. That clears the way for the state to start collecting the tax. Truckers will appeal.

Wage stabilizers slapped two penalties against the J. D. Hedin Construction Co. of Washington, D. C. (BW-Dec.15'51,p30). A Michigan enforcement board ruled that the company had overpaid bricklayers by 25¢ an hour on a veterans' hospital project at Ann Arbor. It ordered the Veterans Administration to withhold the \$40,000 overpayment, and it disallowed the amount as a business deduction for 1951 income tax.

The 1937 sale of the Williamsport (Pa.) Wire & Rope Co. to Bethlehem Steel for \$3.3-million was a fraud, a special master in bankruptcy ruled last week at Scranton, Pa.



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Sixty seconds of every minute every hour . . . around the clock . . . day in and day out . . . all America lives, moves, and works to the rhythmic pulse of electric power. It is the lifeblood that puts the colossal productive strength into U.S. Industry . . . that gives our nation the healthiest living standards the world has ever known. For few indeed are the present day activities of factory, mine, farm, home, and office . . . of your own daily routine . . . that are not dependent on electric power . . . and to a far greater extent than is generally realized. For instance, its large-scale use in industry today gives each worker the equivalent of over 200 helpers. Add in the fact that many of today's vital materials—such as aluminum, high-grade steels and abrasives to work them, electro-chemical and metallurgical products—are available only through the magic of electric power. And Mrs. America hardly needs reminding of the freedom she gets from household

drudgery of bygone days with her myriad electrical servants . . . merely by flicking a switch. Yet nothing we in America now have, use, or do is so generally taken for granted as the great multiplier of productivity, the greatest work-time-and-trouble-saver ever known . . . **ELECTRICITY.**

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To keep the giant electrical heart of America beating healthily, the nation's power companies have already planned far in advance to meet foreseeable growing demands. Only a lack of necessary materials for construction and equipment will prevent their fulfillment.



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N-128

LABOR



TURBULENT LONGSHOREMEN, who have made New York's port one of the nation's worst labor areas, inspire some . . .

New Concepts in Labor Relations

New ideas in labor relations are rare. The field has been ploughed wide and deep by researchers, investigators, practitioners, and theorists. And although many things remain to be explained, real innovations in practice are seldom proposed. But this week two novel proposals are being seriously studied.

They come from the special Board of Inquiry established by the State of New York to make recommendations for peace on New York's waterfront:

- One gives arbitration a brand-new front.

- The other creates a new use for fact-finding.

- **Stormy History**—Since 1946 more than 500,000 man-days of work have been lost in the port through strikes. The greatest losses result from stoppages led by insurgent elements in the International Longshoremen's Assn. (ILA). The labor anarchy that prevails on the docks, ILA's inability to control its membership, and the prevalence of crime and corruption have cost the port dear.

All the standard devices for injecting order and reform into this situation have failed. When the Board of Inquiry was impeached last November,

the port lay paralyzed through another insurgent strike. The board mediated that strike, then went on for two and a half months to study the problems behind it. Out of that study come the two pioneering proposals that the employers and ILA are now deciding whether to accept.

- **Arbitration**—The first of these recommendations would make a basic alteration in the processes of arbitration.

The board concluded that part of the labor unrest in the port developed from a conviction among longshoremen that their union would not represent them in cases where they suffered from contract violations. Rightly or wrongly, part of the ILA membership feels that some union officers are in collusion with employers to deprive them of their due.

Cut off, under such circumstances, from protection of the grievance-handling provisions of the contract, these union members have only the strike as a measure of protest.

Attacking this problem directly, the board offered a revolutionary recommendation: that individual union members be granted access on their

own initiative to a permanent arbitrator.

- **Unprecedented**—In no known labor arbitration procedure do individuals have the right to invoke arbitration themselves. Union and employer, as signatories to a contract, are the only parties permitted at bar. The individual union member's case must be taken up by his union.

The board was well aware of the perils of what it proposed. Giving the individual access to arbitration could eliminate the need for a union. It is a device that could be used by organized opposition elements, Communists, and rival unions to keep the arbitration system in a constant snarl. But the board was convinced a desperate problem required a drastic remedy. And its proposal was designed to force ILA to do a better job of representing its members. When it does that, the need for individual access to arbitration can be quickly ended.

- **Fact-Finding**—The other recommendation of the board is addressed to problems created when the longshoremen believes the union, rather than the employer, is oppressive.

It provides that the individual mem-

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ber who has a grievance against the union—usually for some deprivation of rights—may take his case to a brand-new type of tribunal. Instead of having his case heard by the union officials he is accusing of some wrong, his case will be heard by a three-man fact-finding panel made up of non-union, public members.

Such a panel cannot, under the ILA constitution, make a final disposition of the issue. It can only make a report and recommendations to the ILA executive council. But the Board of Inquiry proposes that it make all its findings public. ILA will reject them only if it is willing to defy public opinion.

Under the Board of Inquiry's decision, ILA and the employers of the port have 90 days for considering the recommendations before reporting what they will do about them to the state's industrial commissioner. Their first reactions have been indecisive and reserved. There may be incubating a bold new experiment for one of the nation's most feverish labor spots.

Unions Strike New Blow At Jurisdictional Feuds

AFL and CIO unions in New York City mapped plans last week to eliminate a problem that's increasingly costly and time-consuming for everybody: jurisdictional raiding. They set up a joint board to deal with "confusing and often injurious disputes [and] to bring stability to the labor movement in New York City."

• **Good Faith**—The new Joint Fact-Finding Board, AFL-CIO, has five top-level representatives from both the New York City Central Labor Union (AFL) and the New York City Industrial Union Council (CIO). No provision is made for a tie-breaking vote. Unanimity is expected since, leaders explain, the whole program depends on the good faith of the participants.

When AFL and CIO unions tangle over jurisdiction, the joint board will study rival claims and recommend which union should have jurisdiction. The loser is committed to bowing out. The recommendation won't be enforceable, but the joint board feels that "moral persuasion" will end all but the toughest disputes. Outsiders are skeptical.

• **One Weapon**—The joint board has only one weapon. AFL and CIO city councils have agreed not to recognize any jurisdictional strike or picketing not cleared in advance by the joint group. If they make this rule stick, a local union that goes counter to the board will be shut off from local strike aid. It will be all on its own.



Let us prove this prophet false

"We shall force the United States to spend itself into destruction."

These are the words of Lenin, father of Russian Communism. Quoted from page 191, volume xxi, of his Collected Works, they were printed recently in a metropolitan newspaper.

This is the announced goal of the Politburo, and it is the direction in which many patriotic citizens fear we are headed. For example, Congress has just appropriated \$87 billion to be spent during 1952, and enacted taxes estimated to produce only \$71 billion. The deficit is to be added to our national debt, already \$259 billion; and this deficit will depreciate the national currency by another \$16 billion.

Part of this stupendous appropriation is to re-arm ourselves and the free world against Com-

munist attack. But what about the rest of our spending?... Let us also be realistic. It is time for us as a nation to pause, reflect and consider well. We can do three things to avoid national bankruptcy:

1. Eliminate every non-essential federal expense.
2. Provide taxes to pay all obligations as we go.
3. Pay off some of our national debt every year.

Let every citizen who believes in preserving our nation from the economic termites within, as well as from the announced enemy without, become an active worker to prove the Russian prophet false.



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What's Happening to the Cost of Living

	Total Cost of Living		Food		Clothing		Rent	
	Old	New	Old	New	Old	New	Old	New
December, 1941...	110.5		113.1		114.8		108.2	
December, 1942...	120.4		132.7		125.9		108.0	
December, 1943...	124.4		137.1		134.6		108.1	
December, 1944...	127.0		137.4		142.8		108.3	
December, 1945...	129.9		141.4		149.4		108.3	
December, 1946...	153.3		185.9		176.5		108.8	
December, 1947...	167.0		206.9		191.2		115.4	
December, 1948...	171.4		205.0		200.4		119.5	
December, 1949...	167.5	↓	197.3	↓	185.8	↓	122.2	↓
January, 1950...	166.9	168.2	196.0	196.0	185.0	185.0	122.6	129.4
December, 1950...	178.4	178.8	215.4	216.3	196.4	195.5	125.8	132.9
January, 1951...	181.6	181.5	221.6	221.9	199.7	198.5	126.0	133.2
February...	184.2	183.8	226.0	226.0	203.2	202.0	126.8	134.0
March...	184.5	184.5	225.4	226.2	204.6	203.1	127.3	134.7
April...	184.5	184.6	224.6	225.7	203.2	203.6	127.7	135.1
May...	185.4	185.4	226.7	227.4	205.7	204.0	128.0	135.4
June...	185.5	185.2	227.0	226.9	205.5	204.0	128.3	135.7
July...	185.8	185.5	227.5	227.7	204.9	203.3	128.8	136.2
August...	185.6	185.5	226.4	227.0	205.2	203.6	129.3	136.8
September...	186.5	186.6	226.3	227.3	210.7	209.0	130.0	137.5
October...	187.8	187.4	229.2	229.2	211.0	208.9	130.8	138.2
November...	189.3	188.6	232.1	231.4	209.9	207.6	131.4	138.9

December, 1951 190.0 189.1 233.9 232.2 209.1 206.8 131.8 139.2

*BLS has revised its formula for computing the cost-of-living index (BW-Mar. 10, '51, p112). Since the old index is still widely used in labor-management bargaining, BLS will continue issuing both sets of figures at least through 1951.

Data: U. S. Bureau of Labor Statistics.

C of L Continues to Edge Up

The Bureau of Labor Statistics' cost-of-living index has jumped again. For mid-December it was 190.0 on the "old" basis still generally used in industrial relations, or 189.1 on BLS' "revised" basis.

The new increase indicates at least a 2¢-per-hour raise for auto workers and others with an upcoming "escalator" wage adjustment. The auto adjustment will be on the basis of mid-January's index, to be released late in February. Workers will get 2¢ then if the index

stands still or even drops slightly. If it goes up, they may get 3¢ or more.

Under Wage Stabilization Board Reg. 8, employers without an escalator clause can adjust pay once every six months to keep wages in line with rises in the cost of living since Jan. 25, 1951. (WSB's 10% "catch-up" formula took care of c-of-l rises before that.) The new BLS index jump brought total c-of-l increases since January, 1951, to 4.2% on the old basis, 4.6% on the new.

LABOR BRIEFS

CIO arbitrator job was turned down by former Sen. Frank Graham, CIO's first choice for permanent umpire to settle its jurisdictional disputes (BW-Nov. 10 '51, p40). Graham says he doesn't want to leave his present duties as U. N. mediator in a dispute between India and Pakistan.

AFL's electrical workers opened a drive last week to take telephone workers

away from the Communications Workers of America (CWA). The AFL Union says CWA has "provoked unnecessary strikes [and] failed miserably" in getting results. The AFL challenge retaliates for a CWA attempt to take over an AFL contract at Western Electric's Kearny (N.J.) plant.

A 40-hour week is now in effect for yard-service employees of 36 railroads,

as a result of a contract signed last year between carriers and the Brotherhood of Railroad Trainmen. At that time, shortening of the week (down from 48 hours) was deferred because of manpower problems involved.

Severance pay amounting to \$126,000 is being paid to 800 former employees of Utica and Mohawk Cotton Mills, Inc., in Utica, N.Y., under a management-union settlement. The company recently closed two mills as the first step in a move to South Carolina. The agreement settles a \$400,000 claim the CIO textile union had filed in behalf of employees, citing a dismissal-pay clause.

No-Strike Truce Eases Atom Plant Project

The Atomic Energy Labor Relations Panel, the unions, and the contractor on the Atomic Energy Commission's gaseous diffusion plant at Paducah, Ky., may finally have worked out a solution to their troubles.

The panel recently got the unions—AFL's building trades—and the contractor, F. H. McGraw & Co., to agree to negotiate a system of grievance procedures. Until the system is worked out, the panel will take jurisdiction over disputes while a "no-strike pledge" operates. At least, that's the way the setup is supposed to work. International union officials have agreed to keep their men on the job. But in many cases the men walk off anyway.

• **Example**—Last week 35 iron workers quit work when a dispute arose and their steward wasn't around. According to union rules, they should have chosen a temporary steward, but they didn't know the rules, so they quit instead. They were ordered back immediately and did return.

This kind of strike was a problem before the pact, and it seems to be continuing undiminished. But William H. Davis, panel chairman, thinks the pact has laid the groundwork for ending most of the trouble.

• **Hangs on Faith**—The new agreement depends on the good faith of all parties in order to operate successfully. It has no compulsory provisions. The AFL has accepted the no-strike principle for production workers in AEC plants, and many building trades leaders have accepted it for construction workers, too. But Davis doesn't argue with the contention of some that they aren't bound by it. He hopes they will cooperate anyway.

If they don't cooperate, the contractor will try to convince the commission that more drastic measures will have to be tried.

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HIRING HALL of Seafarers International Union (AFL) in Brooklyn attracts seamen between trips, has facilities for relaxation, recreation, and training.



1 Dispatcher, foreground, gets a call from a ship line for a crew.



4 Losers in the rotation, and others who'd rather wait before shipping out again,

Maritime Unions Must Staff Ships

If you want a crew for an outgoing ship, you call up the maritime union you customarily deal with. The union runs a hiring hall to take care of just such needs. Today union hiring halls find it hard to line up enough takers—short of shanghaiing them—to fill the job orders.

Unions like the hiring-hall system. It gives them tight control over job placement, makes it pretty sure that no one but a union man gets a ship job. That's why they're so worried over the shortage of seamen on the beach. They know that if they don't provide the crews someone else—and that, of course, means the government

—will step in as it did in World War II.

• **Hall de Luxe**—The Seafarers International Union (AFL) got a break when its snazzy new union hall in Brooklyn was ready for opening just at a time of peak demand for seamen. The new hall (pictures, above) helped solve the big problem: how to get unemployed seamen within reach of job calls.

SIU's array of lounges, recreation rooms, cafeteria, bar, and other "beach" facilities attracted seamen and, better yet, kept them around to fill orders.

The new building also provides SIU with the space it needs for classes that upgrade seamen to higher ratings in

deck, engine room, and steward departments. Maritime unions everywhere are setting up training programs to cut shortages of skilled ratings—and enable members to take the better-paying berths on shipboard.

• **Ships and Men**—Ships can't sail without a strong nucleus of trained men. A freighter normally needs a crew of 48 men, of whom no more than 15 should be raw recruits. The other 33 or more should have had from six months to six years of specialized training. Veterans of the big World War II merchant marine, naturally, are much sought after.

Until Korea, an estimated 80,000



2 He posts job call data on illuminated board. It includes name of ship and line, type of ship, destination. Then . . .



3 Men take turns to claim jobs for which they're qualified. Here, one man signs on while others wait turn. It's a short wait.



sit around and relax. They're never far from the board or the . . .



5 Upgrading classes the union runs. It's in the union's interest to help members qualify for better jobs, higher pay. Shortage of skilled men is acute and . . .

... Or Else ...

experienced men were on the beach—available for ship jobs. This backlog has since dwindled almost to zero. Shortages have developed in many lines: radio officers, licensed marine engineers, cooks who can both plan meals and bake on shipboard, able-bodied seamen, and, in many ports, engine room crewmen in the higher ratings.

• **Rules Eased**—For lack of men, as many as 47 ships at a time have been tied up in U. S. ports, at an average cost of \$1,500 a day for each. Other ships were at sea only because the Coast Guard relaxed certain rules. Liberties were allowed to sail with only 38 crew-

men instead of 45; some lower-rated men were permitted to stand in for hard-to-find skilled hands; and a few aliens were approved as crewmen.

Rule relaxing is only an expedient. It doesn't solve the shortage. That would require a lot more experienced seamen, not just enough to fill all ships' crews, but also a 25% to 30% reserve. The extras are needed because seamen ordinarily don't jump right from one job to another—they like a layover in port between sailings, to break the monotony of sea life.

• **Good Living**—SIU and other seafarers' unions now have a good lure for "inactive" seamen: The present shipping boom is expected to last a long time, and it offers good jobs at the highest maritime wages ever paid. Basic pay has risen since World War

II, and seamen are now paid overtime when they work more than 40 hours a week. Since most crewmen work 56 hours at sea, their weekly pay has been almost doubled.

High-pay bait has brought enough seamen back into the service to cover most crew jobs on a minimum basis—without providing the necessary reserve to cover port layoffs. But shipping people are worried. More ships are coming red-hulled out of the mothball fleet; the rate of turnover in crews is also beginning to climb. So ship operators and unions expect the recruitment to be harder from here on.

• **Burnt Children**—The trouble is, World War II seamen who really wanted to return to the sea seem to have been already signed. The others are skeptical about going to sea again;



1 Fred Harvey supervisor, Walter E. Stone, and the Harlequin Room chef inspect a succulent roast turkey in the Fred Harvey kitchen in Chicago's Palmolive Building.

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2 Fred Harvey efficiency is known to millions who have enjoyed food on the famous Santa Fe trains. Railroads, and even the manufacturers of railroad cars and equipment, benefit by the use of Wyandotte Chemicals' cleaning products.



3 David C. Raggio, of the Harvey staff, inspects a modern, thorough, high-speed dishwashing unit. You can rely on Wyandotte specialized products for washing dishes, silver, glassware by hand or machine. It's the world's largest cleaning line.



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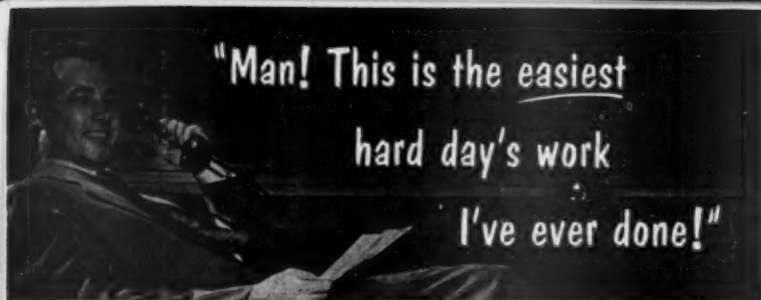
5 From the Fred Harvey-operated hotels, Harvey bus tours show guests the wonders of Grand Canyon. The diversity of Harvey services is phenomenal. (The diversity of Wyandotte's products is amazing, too: improving roads, rubber, plastics, gasoline.)



6 Behind the scenes, Fred Harvey operates creameries, laundries, even a school for Grand Canyon mules! In these fields Wyandotte helps, also: improving animal feeds, making laundry cleaning products and helping to keep dairies clean.



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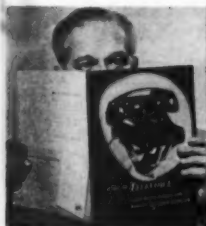
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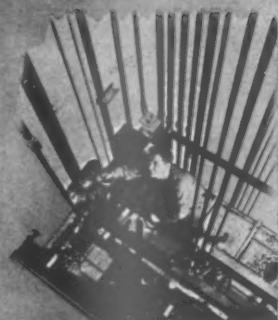
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"...World War II merchant mariners have lost their spirit of adventure..."

MARITIME UNIONS starts on p. 36

they complain that all they got out of the merchant marine was good pay for the duration. After the war they had no jobs left, no status as veterans, no reemployment rights in industry, no GI housing, education, or other veterans' benefits. They were dumped by the thousands into the postwar civilian world, and they got a quick brushoff.

Since then, most have got shore jobs. They generally get less take-home pay, but they have a lot more security than they would in the maritime industry. Many are now married. Their old, venturesome spirit is gone. So, they say, why go back? Why gamble again in a feast-or-famine industry?

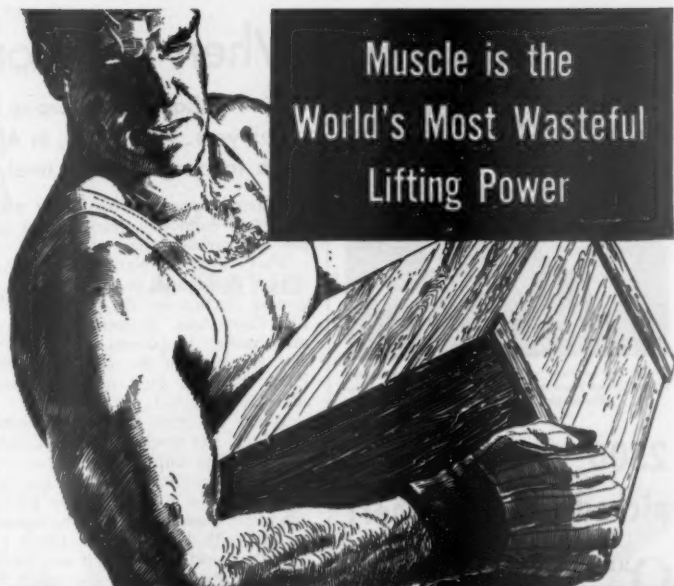
• **Uncle Sam's Shadow**—Unions and shipping companies recognize that it will take a lot of persuasion to get many of these former seamen back aboard ship. They are cooperating to urge them, to advertise the earnings possible in the industry today. Meanwhile, they are keeping worried eyes on the government.

A year ago the Maritime Administration saw that its buildup of the merchant marine was headed for manpower shortages. It set up plans for a recruiting and manning program similar to that of the War Shipping Administration of World War II. Under it, MA employment offices would recruit men and (1) if the men were experienced, assign them to specific reactivated ships, or (2) if they were inexperienced, send them to training stations.

Unions and steamship companies objected vigorously. The unions saw the program as an encroachment on their hiring-hall system. The companies saw it as another government move into the lines' jealously guarded sphere of management rights.

The objectors won the right to try to fill crew needs through their regular hiring channels. MA's recruitment plan was set aside. But it can be taken up again any time the hiring-hall system fails to man the ships.

• **Draft Losses**—Right now unions and ship lines are trying to bolster their positions by strong appeals for draft deferments for seamen. As it is, local draft boards call seamen as quickly as anyone else who is qualified for military service. Unions complain that draft losses alone have been big enough to cause maritime labor shortages. They say that if the government stops drafting seamen and releases those who are already in service most maritime labor worries will end.



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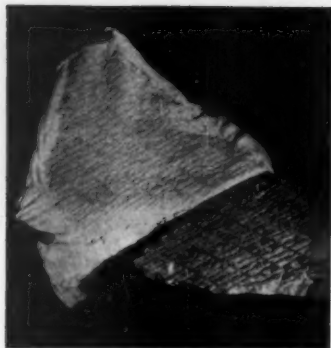


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When a Union Is Also a Boss

Labor groups prove just about as tough as any other employers. And NLRB, in Air Line Pilots case, rules that they have to bargain collectively, like any company.

When it comes to bargaining with their own employees, labor unions are just like anybody else.

That's what the National Labor Relations Board said in ordering a bargaining election for the Union of Air Line Pilots Assn. Professional and Administrative Employees, unaffiliated. The employer in the case, Air Line Pilots Assn., is itself a labor union, affiliated with AFL.

When the vote is finally counted this week, the need for it will already be gone. The employer union has recognized the employee union. Since the case was taken to NLRB, the pilots' union got a new president who agreed to deal with UALPAPAE. David L. Behncke, previous president and founder of ALPA, had been the target of the employees' organization. It claimed he worked them night and day without overtime pay and even put some of them to work on construction of ALPA's new office building in Chicago.

• **Growing Staffs**—This is the first time in its 16 years that NLRB has had to pass officially on a union as an employer. But it's not the first case of union employees joining a union or of disputes between unions and their own employees. The bigger unions get, the bigger their staffs get, and the more often these staffs organize into a union of their own.

The consensus of impartial experts who help settle labor disputes is that unions are as bad or as good as other employers in their own labor relations. One union official went so far as to call them "lousy when it comes to dealing with their own people."

• **AFL Method**—There's no single union that acts as bargaining agent for union employees. In AFL units, most employees, including office people at AFL headquarters in Washington, are members of AFL's Office Employees International Union. OEIU doesn't ordinarily go out and organize union workers in a union—they join as a matter of course. At one time, an OEIU official says, there was strong anti-union sentiment among some AFL unions as employers. "Now," he says, "it's pretty much gone, and we operate with our union-employees in the same way we work in other industries."

• **CIO Scramble**—In the CIO there's no such set pattern. Since the expulsion of the Communist-dominated United Office Professional Workers,

CIO has issued many charters for local industrial unions of office workers. A lot of these groups include office workers of CIO unions. In New York, CIO Local Industrial Union 1735 includes 200 employees of 20 unions in the New York-New Jersey area. In Washington and Detroit, similar setups exist. Elsewhere, groups of employees—as in the Air Line Pilots Assn.—have formed their own unaffiliated unions. In Portland, Ore., office employees of CIO's Woodworkers Union joined the Textile Workers Union (CIO) to get bargaining experience and power behind them.

There's one other important way that union employees are represented by belonging to units of the union they work for. In these cases, their employers and their bargaining agents are part of the same organization. One cynical union official likened this to company unions, where the employer controls the union representing his employees. Some employees of Amalgamated Clothing Workers of America (CIO) are represented in this way. And John L. Lewis' United Mine Workers has a local for its own employees as does its catch-all organization, District 50. In neither case, however, do UMW's employees participate in UMW's welfare fund.

In the independent railroad unions, the setup works this way: Male employees are recruited from the membership of the union. Female employees generally are members' widows, orphans, or other relatives, and belong to a women's auxiliary of the union. The Brotherhood of Locomotive Firemen & Enginemen has an employees' unit which handles grievances for those employees who want it to. The other brotherhoods have similar units or committees which act on behalf of employees.

• **Guild Move**—There's been one notable exception to this industrial rather than craft pattern of organizing all union employees into one group. The American Newspaper Guild (CIO), through its labor press unit in New York, has been trying to organize all union employees who work on union newspapers. Of 100 or more prospects, the Guild claims around 60 now—from both AFL and CIO unions. And it also claims one quasi-contract—with CIO's Transport Workers Union. Unions don't sign regular contracts with their employees. Instead they "ex-

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as at 31st October, 1951

ASSETS

Cash, clearings and due from banks	\$164,423,893.84
Government and other public securities not exceeding market value	223,872,345.38
Other bonds and stocks, not exceeding market value	23,819,511.54
Call loans (secured)	33,266,903.10
Other loans and discounts (after full provision for bad and doubtful debts)	385,802,500.45
Liabilities of customers unde. acceptances and letters of credit (as per contra)	19,833,636.59
Bank premises	22,455,725.59
Other assets	618,447.06
	<u>\$874,092,963.55</u>

LIABILITIES

Notes in circulation	\$ 46,386.34
Deposits	803,770,765.18
Acceptances and letters of credit outstanding	19,833,636.59
Other liabilities	1,644,115.11
Capital paid-up	14,804,545.85
Reserve fund	29,609,091.72
Dividends declared and unpaid	483,195.58
Provision for extra distribution	296,500.00
Balance of profits, as per Profit and Loss Account	3,604,727.18
	<u>\$874,092,963.55</u>

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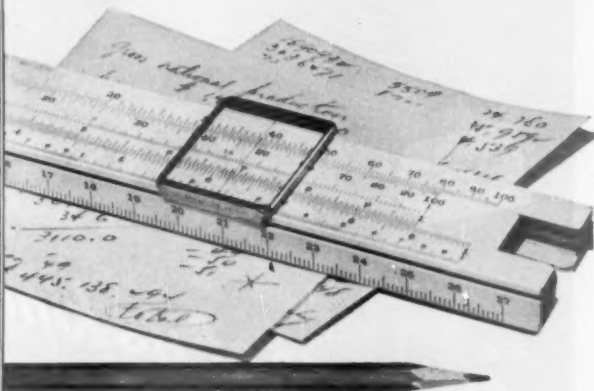
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HOW TO MEASURE

A NATION'S GROWTH



The rapidity of Canada's growth, which is one of today's international highlights, can be measured in various ways. However computed, nearly all economic indices will reveal progress and prosperity. For example, the impressive increases in gross national product since the war clearly demonstrate the continual development of Canada's natural resources, made possible in large measure by increasing foreign and domestic investment. This development is paralleled by a vigorous program of capital expansion.

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change letters" or issue a "memorandum of understanding." That's the kind of deal the American Newspaper Guild has with TWU.

The Guild goal is to achieve the same journeyman standards for the labor press that it has set for regular newspapers. This will be tough. It might mean that the employees of a union paper would be paid more than the employer-union officials. Another utopian demand could be a standard work week. Most union papers have small staffs, and many of the employees also work in the union's publicity department. This frequently means overtime-unpaid. A prevalent notion in union circles is that work for the organization is done out of devotion to the cause and not for financial compensation. On the credit side, the Guild says TWU and others it deals with are generous on vacations and sick leave.

• A "Cause"—It is taken for granted that to many employees of unions, unionism is a "cause," not just a job. As a result, to use the militant techniques of unionism in their workplace would mean identifying their employer as an oppressive boss—something they are reluctant, and sometimes fearful, to do. On the other hand, this pro-employer sentiment has been used as a pretext by some unions for paying sub-standard wages.

• Scabs in the Union—There have been cases of strikes and picketing of union offices. In Toledo, a dozen office workers struck CIO's United Auto Workers Local 12 in a dispute over working conditions (BW—May 27 '50, p108). As soon as the clerks walked out, Richard Gosser, who runs Local 12, hired replacements. This—according to union standards—is out-and-out scabherding and strikebreaking. He was forced to back down.

Last fall employees of CIO's Communications Workers of America in Washington struck for a pay boost. During that strike, union officials crossed picket lines—another anti-union sin (BW—Oct. 27 '51, p42).

In Brooklyn, a group of unions owns a meeting and social hall called the Labor Lyceum. It has five caretakers: porters and other service help. The five were organized into a bargaining unit by AFL's Building Service Employees International Union. They requested the standard contract the union gets for its members elsewhere. But the union-owners refused to grant most of the basic demands of BSEIU. It wasn't until the state stepped in that the Lyceum owners finally gave in and signed.

That sort of thing has happened often enough to make it impossible for the labor movement to claim it is a model for employers to copy.



This excellent L-O-F Fiber-Glass product, available now in quantity, is called "B" Super-Fine. Its light weight and superb sound- and thermal-insulating qualities are welcome to industry.

Why production of **L-O-F** FIBER-GLASS is such welcome news to American industry

Executives and key men of many industries have expressed keen interest in the production of L-O-F Fiber-Glass

THERE ARE several sound reasons why L-O-F Fiber-Glass is good news to industry.

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have been set up by Libbey-Owens-Ford to provide extensive production capacity and make L-O-F a highly dependable source of supply.

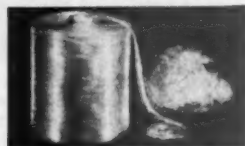
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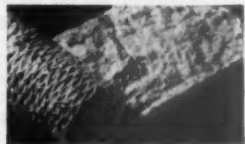
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PRODUCTION



IN STEELMAKING, where there is a desperate demand for anything that will boost output, the question is . . .

How Much Can Oxygen Do?

Over a century ago, a Kentucky iron-master named William Kelly discovered that he could blow air through red-hot pig iron and burn out impurities. The principle is still used in the Bessemer converter.

A few years ago, the steel industry pushed Kelly's idea a long step further. It started blowing oxygen through its open-hearth furnaces—on the theory that if ordinary air would cause combustion in the melt, oxygen would do the job a lot better. It hoped to get a triple benefit from using oxygen:

- Burning out the impurities.
- Controlling carbon content.
- Melting scrap faster.

By now the steel industry has had enough experience with oxygen to form some definite opinions about its value. But the records of the different companies don't add up to the same conclusion. Some found that oxygen worked fine; others were disappointed. Some have given up the whole idea. The only point on which there is general agreement is the use of oxygen in

heat-treating steel. Just about everyone is using it for that.

• **Shy About Data**—Most of the companies that are using or experimenting with oxygen are close-mouthed about their results, for competitive reasons. It is known, though, that Wheeling Steel Corp. feeds oxygen into the heats of its open-hearth furnaces. This speeds up removal of carbon, which in turn permits Wheeling to build deeper furnaces and make bigger heats. U.S. Steel fooled around with oxygen, then switched to compressed air, which it feels give the same results. Republic Steel Corp. tried oxygen, too, but dropped it because of increased wear on furnace linings.

• **Inland's Results**—There is one company that has been willing to issue facts and figures on its oxygen development. That's Inland Steel Co., which is the eighth-largest producer in the industry.

Probably, the results that Inland describes are pretty much the same as those experienced by a number of other,

less talkative companies. Here are some of Inland's findings:

- Use of oxygen has increased production, and cut costs.
- If times get tough for steel, it may even lower Inland's breakeven point.
- The company, using a lot of high-purity oxygen, can't always get as much as it wants.

Linde Air Products Co., a division of Union Carbide & Carbon Corp., is Inland's sole source of oxygen. Linde supplies around 40 tons (or 1-million cu. ft.) per day, with a purity of 99.5%.

• **Added Capacity**—To meet generally increasing demands, Linde is now building a new oxygen plant at East Chicago. It will have a daily capacity of 500 tons either low-purity (95%) or high-purity (99.5%).

Inland has signed up for about 200 tons per day from Linde, most of it the 95% grade. The oxygen will be brought to its Indiana Harbor works through a pair of 3-mi.-long pipelines. One pipe will carry low-purity oxygen

They're sharpening a tool for you

AT Brookhaven National Laboratory on Long Island, these men are building a cosmotron. They are going to use it to study the forces behind nuclear energy.

That's the purpose. But this kind of project generally has another result, too—one with a more direct effect on everyday business and living. In building their cosmotron, these men are being called upon for some near miracles in high vacuum technology—a technology which on the workaday side is bringing us better metals, longer-lasting biologicals, more efficient electronic appliances, less expensive and more attractive decorative items.

For example: take the problem of maintaining this 60-foot diameter "merry-go-round" containing about 500 cubic feet of volume at less than one-hundred-millionth of atmospheric pressure. (DPi supplied special diffusion pump jets to do it.) An all-metal construction was out because of eddy currents. Ceramics in the shape required lacked strength. Most plastics

spoiled the vacuum by giving off too much vapor. (One plastic proved pretty good in that respect, but could not be obtained in sheets large enough to cover the entire surface.)

Happily, our Myvaseal Gasketing Material, a synthetic elastomer, tough and easily compressible, proved in design experiments to have so low a vapor pressure that the Brookhaven engineers upped their sights on the vacuum attainable. With the Myvaseal covering you see being applied here, they now expect that 90% of the starting protons will survive their 150,000-mile ride inside the chamber without being deflected by gas molecules.

Perhaps there is a place in your manufacturing operations where Myvaseal Gasketing Material can now make high vacuum play a profitable role. Or, perhaps the new high-volume DPi Oil Ejector vacuum pumps, or one of the host of other DPi developments, can turn high vacuum into an efficient unit process for you.

To find out, write *Distillation Products Industries*, Vacuum Equipment Department, 739 Ridge Road West, Rochester 3, N. Y. (Division of Eastman Kodak Company).



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WORKING CAPITAL

rates high priority in business planning now

IN an economy such as we have now, a tight cash position is not necessarily a reflection on the "health" of a company. On the contrary, many of America's biggest and many of America's fastest growing concerns have found, now find or will find themselves in this position.

Many companies are "current asset" **PROSPEROUS** but "ready cash" **POOR** because it's the composition of working capital rather than its size that counts. And with higher tax payments to make on 1951 earnings... and with 70% of these taxes to pay before June 30... such companies are going to suffer a still further drain on operating cash.

Delaying action to correct a reducing cash position can be just as disastrous to a business as ignoring warning signals of failing health can be to an individual.

We know. For while **COMMERCIAL CREDIT** was able to solve the working capital problem last year for hundreds of manufacturers and wholesalers who came to us in time, there were other companies that were beyond our help. They had delayed too long, fought a losing battle in trying to operate and compete under the terrific handicap of a short cash position.

Obviously, **COMMERCIAL CREDIT** cannot predict the future, but that the money market may tighten as the need for more commercial borrowing grows is more than a possibility. For nearly 40 years the business of **COMMERCIAL CREDIT** has been money. We're **SPECIALISTS** in this field. Our advice to the executive whose business is likely to face a cash problem any time in '52 is to give the subject high priority. Start now to investigate ways you can meet the problem.

Half a billion dollars can't be wrong

One method you should investigate is that offered by **COMMERCIAL CREDIT**. Currently, we are supplying manufacturers and wholesalers with cash for working capital purposes at the rate of **HALF A BILLION DOLLARS** annually.

COMMERCIAL CREDIT can provide the average company with substantially more cash than its usual borrowing sources within 3 to 5 days. **COMMERCIAL CREDIT** can put executives' minds at rest by showing that our funds can be available continuously for ten weeks, ten months or years. **COMMERCIAL CREDIT** can give assurance to users of its method that if increased sales call for increased financing, more funds will be available automatically.

COMMERCIAL CREDIT's plan offers all the advantages of selling stock or taking in partners without the disadvantages. You solve your problem almost immediately and without any legal, accounting or other preliminary costs. You retain full company ownership. You keep complete control over management and profits. You handle our one reasonable charge as a tax deductible, business expense.

There is nothing more costly than lack of cash

DON'T DELAY. If you have or face a tight cash position, wire or write the nearest **COMMERCIAL CREDIT CORPORATION** office below and we will submit a proposal. Just say, "Saw your message in *Business Week*. Give me complete facts."

If your need is urgent, phone our nearest Divisional Manager: New York, Mr. Barrett, Phone MURRAY Hill 3-5400; CHICAGO, Mr. Rogers, Phone DEARBORN 2-3716; BALTIMORE, Mr. Brillhart, Phone SARATOGA 4395; LOS ANGELES, Mr. Norton, Phone MICHIGAN 9431; SAN FRANCISCO, Mr. Dunnington, Phone YUCON 2-6362.

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"... Oxygen has cut costs as well as corners..."

OXYGEN starts on p. 46

for the open-hearths. The other is for the high-purity required by conventional steel mill jobs such as welding or heat treating.

Inland feeds the gas into the open hearths in two ways: It is piped directly into the burners of the open hearths to support combustion and get a hotter flame. It is blown into the melt to control its characteristics. About 35% of Inland's consumption goes into the burners; the rest is used for decarburization in the melt. Inland plans to boost the quota for the burners when its larger supply comes through next year.

• **Output Boost**—The company's production men figure that oxygen increases the furnace output by about 8%. Scrap can be fed into the furnaces faster; a heat is brought down to specifications more quickly.

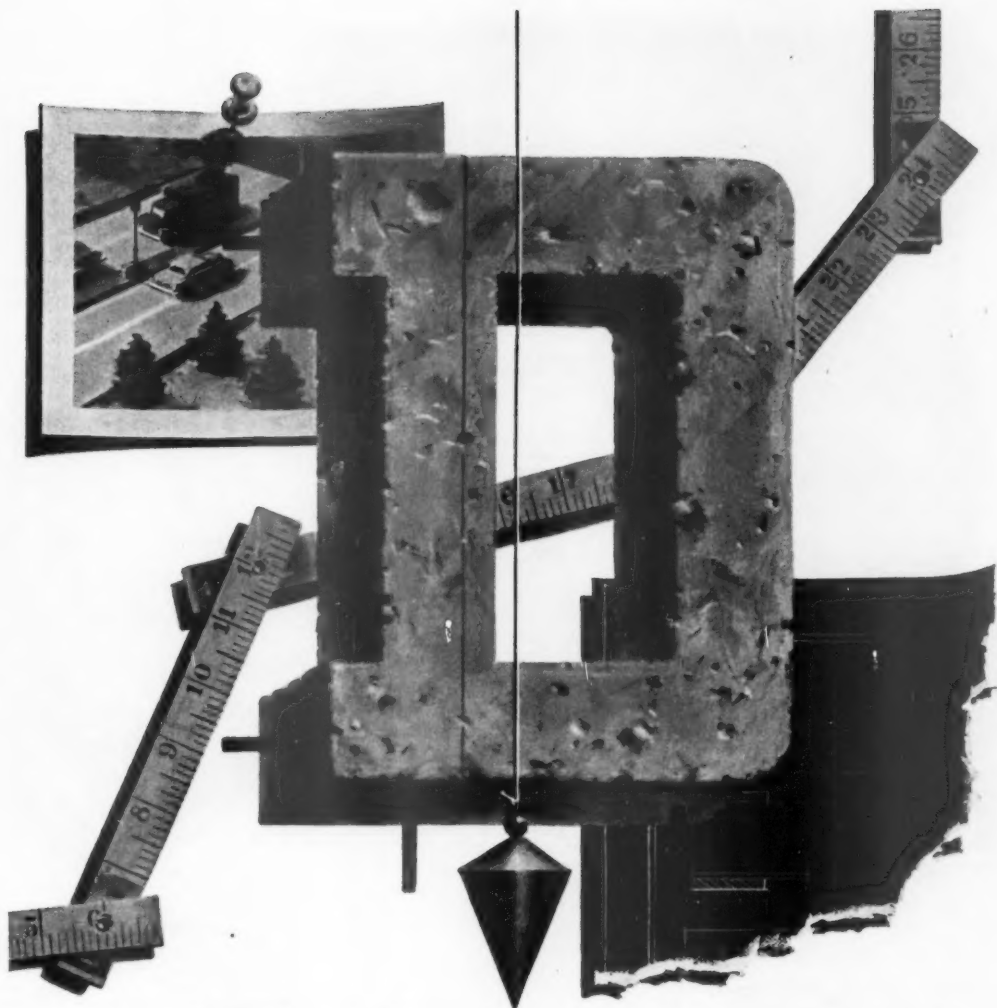
Inland's No. 2 shop now has a rated capacity of 2½-million tons per year. Without oxygen, capacity would drop by 190,000 tons. With the increased supply next year capacity should go up another 100,000 tons. That's equivalent to adding a big open-hearth furnace. Capacity won't go up proportionally with the new supply, though, because most of the oxygen will go to the burners. Oxygen for the burners doesn't increase the output as much as it does when used for decarburization.

The new Linde plant will mean a cost saving for Inland. The present plant makes only the high-purity kind of oxygen. With the new one, Inland will switch to low-purity at a considerably lower price.

• **Cost Factor**—Oxygen isn't something that steelmakers use only when they are forced to make more steel. It has cut costs as well as corners in Inland's shops. So if there is ever a drop in the steel business, Inland will close down some open hearths, instead of cutting off the oxygen, despite its expense.

Inland is so sold on oxygen that it is specifically designing its new \$30-million open-hearth shop for it. The shop will have four furnaces, each with a capacity of 250 tons per heat. The furnaces will up Inland's annual capacity by another 750,000 tons.

Besides calling for new furnace designs, the use of oxygen will require bigger and faster equipment for handling scrap. With the increased combustion, Inland can use more and heavier scrap, and still melt it down in the same time needed for normal charges. Already, the buggies that haul scrap to the oxygen-using furnaces



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The Davison Chemical Corporation produces many products of dependability. One of these is silicofluorides . . . used by builders for the hardening of concrete. This is only one of the many ways Davison is helping to meet the requirements of industry and agriculture. Davison products, development facilities and research personnel are at all times available to help you with your particular problem.

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how hot?

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at the frontiers of progress you'll find



It's a long step from reclaiming highly critical nickel and chromium to the refrigeration of whole blood — yet Air Reduction takes it in stride.

Why? Because Airco's business is the business of America — a corporate family that contributes to the basic activities of American life and industry — a corporate family that depends on each individual member for the techniques and knowledge to benefit industries as diverse as aircraft manufacture and food packaging... medical therapy and shipbuilding.

In fact, wherever progress is racing ahead, not inching to new frontiers, you'll find an Air Reduction Product.



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carry 30% more weight per load than to other furnaces.

• **Effect on Linings**—Oxygen boosts steel output, but it shortens the life of the refractory linings in the furnaces. The large heats and the bulkier scrap charges wear the linings down.

In another role, though, oxygen helps get the linings back into shape. Lances, squirting oxygen, burn out iron lodged in the linings. Once the spots are patched, oxygen cuts the drying time in half, which means that the furnace gets back into production that much faster.

• **Low Pressure**—Inland isn't content to coast along on the 8% increase that oxygen has squeezed out of its furnaces. It is still experimenting with new methods. Inland researchers are using the gas at reduced pressures, and in smaller lines. They don't yet know what effect this will have on production or operating costs. But the research is a hedge against a time when oxygen might become scarce.

• **Others Dubious**—Inland isn't the only steel company that is enthusiastic about oxygen. But a large part of the industry is still dubious.

One reason for the doubts probably is the fact that oxygen was greatly overrated when it was first introduced in U.S. steelmaking back around 1946. Originally, reports filtered back from Europe that steelmakers were doing great things with oxygen. That put the U.S. steelmakers on the edges of their chairs. Steel Co. of Canada, Ltd., gave it a whirl with moderate but limited success. After the Canadian tryout, oxygen picked up the reputation of being close to a sure cure for anything that ailed the industry.

Looking back, many steel experts feel that the publicity was more than oxygen deserved. A lot of companies had to learn by experience that it takes time, money, and some disappointments to use oxygen successfully.

PRODUCTION BRIEFS

Two big aluminum extruders were ordered by the Air Force for use by Reynolds Metals Co. in mass-producing large aircraft parts (BW—Jan. 19 '52, p. 23). The two presses, one rated at 12,000 tons capacity and the other 8,000 tons, will be installed at Reynolds' Phoenix (Ariz.) plant. The 12,000-ton press will be able to squeeze a 5,000-lb. billet, 32 in. thick and 70 in. long, into an aircraft part.

Thimble-sized rectifiers are being made of germanium by General Electric in limited quantities. They convert alternating current to direct current that operates equipment such as radar, sonar, and computing machines. Germanium

rectifiers are smaller, lighter, and more efficient than selenium or copper oxide types.

• **Radioactive ethyl**: Scientists at Battelle Memorial Institute have tagged tetraethyl lead, an antiknock agent in gasoline, with radioactive carbon-14. They believe this will help them find out what happens chemically to leaded gasoline when it burns in an auto engine.

• **Idle machine tools** are being spotted by the Defense Dept. A recent directive asked for a list of all metalworking machines used in production 25 hr. or less in nongovernment plants in the past year. The department wants to add such machines to its industrial equipment reserves.

• **Electrical cellophane** is the way du Pont describes Mylar, its new polyester plastic film. The stuff is colorless and transparent like cellophane, but it's a much tougher material. Mylar stays flexible down to 50F, withstands heat up to 150F, and is a good insulator. It won't be commercially available for two or three years. Then du Pont expects it to take hold first as an electrical insulator. Other potential uses: packaging, lightweight storm windows.

• **A new family of powdered metallic ores** for foundry use has been developed by Exomet, Inc., of Conneaut, Ohio. When heated, the rough-grained powder releases oxygen and generates heat up to 4,000F. It is said to help make sounder castings by keeping the metal hot in the mold. And as the casting shrinks on cooling, this powdered additive makes up for the shrinkage. The stuff is compounded of iron mill scale, aluminum powder, and a pinch of ferroalloys. One of the five varieties can be used in making steel ingots, another in welding.

• **A sound wave producer** for industrial research is offered by Raytheon Mfg. Co. This oscillator can be used in bacteriological and biological research for studying the effect of sound waves on micro-organisms. It may also cut costs of chemical manufacturing methods.

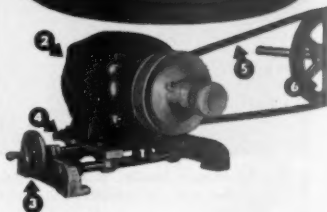
• **Fabricating titanium** is a tough job. One way to get around titanium machining problems is not to machine it, but to form it, says the Cyril Bath Machinery Co. Tests made with the material on the company's rotary draw former shows that a titanium ring for jet engines weighing 5 lb. can be made of 5½ lb. of metal and cost \$135 by forming. But to whittle the same ring out of a chunk of metal would take 350 lb. of metal costing about \$8,750; would bring machining woes.

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Recognized leader in variable speed control

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1 Suction-cupped handler picks up unlabeled cans of pineapple, doing the work of 15 men at the plant of Hawaiian Canneries Co., Ltd.

Quick Handling for Hot Cans

In the canning business a fair part of the processing dollar goes into totting cans around. So if you can get one mechanical octopus to replace 30 human hands, you save yourself a goodly chunk of handling costs. That's just what Hawaiian Canneries Co., Ltd. is doing with its new palletizing (pallet loading) equipment.

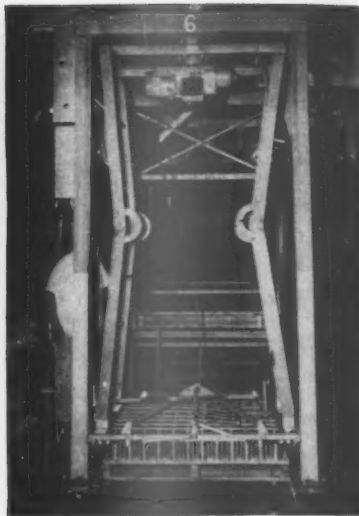
• **The Old Way**—Hawaiian Canneries, like other processors, has to cook its pineapples in the can and allow the stuff to cool before labeling the can. Before the company got its new equipment, a two-man team would take the cans off the line after cooking and stack them by hand in trays. Then a truck would cart a stack of trays to a cooling area. When the cans were ready for

labeling, the men unloaded them by hand onto the labeling line.

The company figured that manual handling in a processing plant was about as inconsistent as a skyscraper without elevators. So it went to work on a mechanical handler and came up with its suction-cupped materials handler (pictures).

• **Time-Saver**—Now one palletizer does the work of about 15 men. And it loads cans onto the pallet about twice as fast as the men it replaces. The company also developed another machine that unloads the cans from the pallets and onto the labeling line.

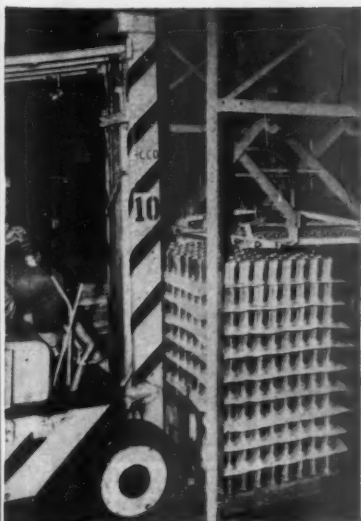
The idea looked so good that Standard-Knapp, division of Emhart Mfg. Co., of Portland, Conn., got exclusive



2 The mechanical handler stacks 300 "bright" cans per min. on pallets.



4 Another machine unloads cans, transfers them at a rate of 1,000 per minute

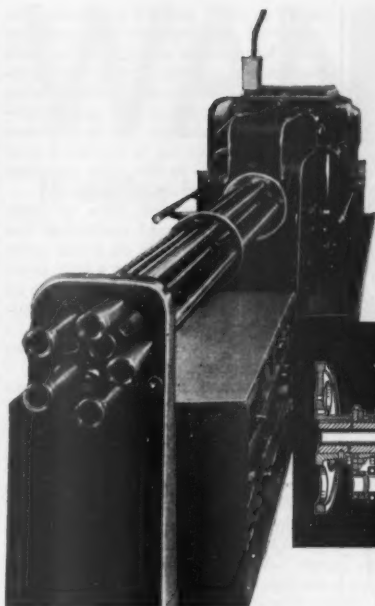


3 After the pallet is loaded with 2,160 cans, it's carted away.

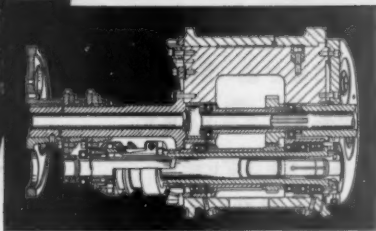


to a converger, which delivers them single file for labeling operations.

BUSINESS WEEK • Feb. 2, 1952



Warner & Swasey 5-spindle automatic bar machine installation at Colson Corporation, Elvira, Ohio.



MACHINE TOOL DESIGNER

SKF ENGINEER

TOGETHER

they help solve a customer's production problem

Here's what Warner & Swasey designers did for one of their customers with advanced 5-spindle automatic bar machines—

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- Increased production 7 to 8 times on lots of 500 to 10,000 pieces
- Made "progressive" setups much more practical
- Made small lots economically practical
- Provided easy access and interchangeability of tooling
- Eliminated cam changing

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Simply because machine tool designers know, when they specify SKF, they get other things along with the bearings... the teamwork of bearing engineering specialists at SKF's headquarters; the teamwork of SKF field men who are qualified specialists in the application of bearings to machine tool designs; the expanding production facilities of efficient, up-to-date plants.

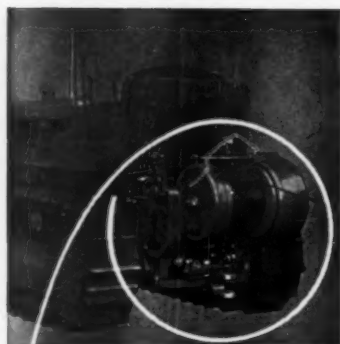
Whatever your product, your engineers and designers can have this helpful teamwork simply by asking for it.

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rights to make and sell the equipment.
• **Should Be Popular**—The palletizer looks like a cinch to catch on big with packers and jobbers of other food products as well. Fruits, fish, and vegetables such as corn and peas—like pineapples—have to be cooked in the can. Before labeling, the can has to be carted away to cool—and it's in this extra operation that the machine can be useful.

The processor also likes to catch "leakers" in the bright (unlabeled) can before he slaps a label on it and packs it in a carton. By slipping a kraft paper separator between each tier of cans on the pallet, he can easily spot the leakers. Then, too, by storing the cans for a few days, any that go bad are easy to see because the can swells.

Some canners and jobbers label cans with the retailer's brand name, as with chain stores. So they like to store the cans bright and label only to order.

Standard-Knapp also sees possibilities in handling glass jar products with its palletizer. The suction cups on the machine head get a firm grip on the jar so there's little chance of glass breakage. A coffee packer also is interested in the equipment.

The palletizer and depalletizer are priced at about \$7,500 each. Standard-Knapp says it can build the equipment to suit the individual canner's need.



Muscle? No, Plastic

It's not that the man is so strong. The pipe is so light. This extruded plastic pipe now being used in the oil fields weighs one-twelfth as much as cement-lined steel pipe. A three-man crew can lay 4,000 ft. of it in a day. Made by the Tennessee Eastman Co. of Tenite butyrate plastic, the pipe resists corrosion and doesn't clog up with paraffin when carrying crude oil as steel pipes do. It's available for industrial purposes in 20-ft. lengths and diameters up to 6 in.

GLOBE SPRINKLERS



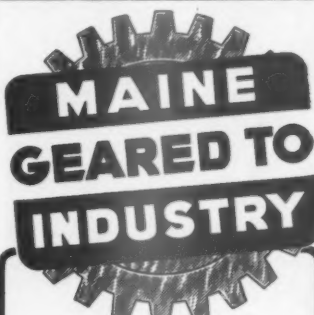
FIREMEN EVERY 10 FEET

10,000 LIVES LOST IN FIRES

Every 24 hours, an average of 27 victims comprise a tragic, nationwide loss because certain buildings fail to provide safety from FIRE. The corrective? Install GLOBE Automatic Sprinklers to discover and stop FIRE.

GLOBE AUTOMATIC SPRINKLER CO.
NEW YORK... CHICAGO... PHILADELPHIA
Offices in nearly all principal cities

THEY PAY FOR THEMSELVES



**EXCELLENT
LABOR RELATIONS**

plus

Government statistics prove that Maine work stoppages are far below the nation's average. In Maine you get all the usual advantages that mean profitable operation, and an important PLUS—

You and your family can really live and enjoy life—enjoy an environment that assures health and happiness for yourself and family.

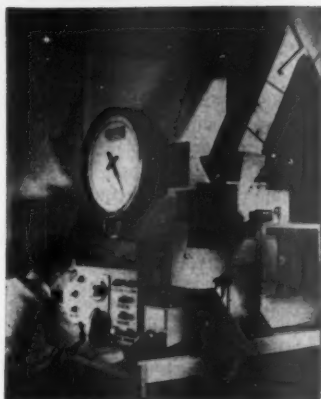
You'll find it easier to work and easier to play when you are in business in Maine—get the **Maine Facts**.

An inquiry on your business letterhead will have prompt, confidential attention. Write today.

Maine Development Comm. • Augusta 1, Maine



NEW PRODUCTS



Scale With Brains

In almost every manufacturing process from glass to waffle mixes, you have to weigh out dry materials for mixing according to a formula. Select-O-Weigh, made by Richardson Scale, does the job automatically and with just one scale.

On a control panel located at any convenient point in the plant, the operator sets a dial for each ingredient in the formula. He pushes a button, and screw feeder mechanisms deliver in sequence just the right amounts of each material. The scale, weighing either consecutively or cumulatively, discharges the stuff to a mixer for processing. It can't start on the next weighing job until the scale indicator is back at zero. Richardson designs each electronic machine to handle your specific needs.

• Source: Richardson Scale Co., Clifton, N. J.

Build-It-Yourself Set

What you might call an "industrial erector set" is a package of ten 10-ft. sections of slotted-leg steel angles. Just by bolting together the units, called DexAngle, you can assemble almost anything from shelving, bins, scaffolding, and motor mounts to rails and benches. You can also get auxiliary components, such as panels and casters, to give the equipment a wider versatility.

When used singly as uprights in lengths up to 5½ ft., these angles will support loads as high as 1,200 lb. But you can increase the strength by making C-channels, T-sections, I-sections, and box sections. Assembled this way, the units will take loads up to 4,000 lb. The handiest thing about the angles is that they are easily altered

WANTED

16 million tons of "dormant scrap" needed to keep steel production up

If you were down to only a few days' supply of raw materials would you call it an emergency?

That's the grim situation the steel mills face. They're desperately short of scrap. Some have only a week's supply on hand. Others have even less. Any bad snow storms could delay shipments long enough for some of these meager scrap piles to disappear entirely. More scrap is urgently needed.

That's why we are calling on you—the top executives of American business—to do even more than you have, to get every last pound of scrap out of your shops and factories and to the scrap dealers. Unless this scrap is turned in, it will be impossible to turn out the 118 million tons of steel that are slated for production this year, and next.

To make this steel—every ton of which is vitally needed—the mills must get nearly one and a half million tons of industry's dormant scrap every month. This means that every old machine, every piece of worn-out or obsolete equipment, every steel appliance or structure, that is no longer usable—or that you have been hanging on to just because "it might come in handy some day"—must be ruthlessly scrapped. Only you have the authority to see that this is done. Can we count on your help?

Even if you manufacture nothing of steel, you'll be surprised how much scrap you can comb out of your place if you'll just do some drastic house cleaning and say "Scrap that stuff."

*Let us add your name to this
SCRAP DRIVE HONOR ROLL*



CLUETT, PEABODY & CO. INC. whose Arrow shirts and "Sanforized" trademark are world famous has done an outstanding job turning in "dormant" scrap. They write, "At our Leominster, Mass. plant we have disposed of 15¼ tons of scrap during the past few months. At the Troy plant, in the past month, we have disposed of 176,980 pounds of miscellaneous scrap metals. We are making an effort to get rid of all metal scrap as soon as any accumulates."†

GEORGE A. HORNEL & CO. makers of SPAM and other famous meat products, report: "Since the first of January (1951) we have sold 250,000 pounds of scrap iron, in addition to other scrap metals. For an industry that does not primarily use steel in its production, we feel this is rather enlightening. In our own meat packing plant here in Austin, we have a continuous scrap drive and sell scrap each week in the year."†

THE ATLANTIC REFINING CO. reporting on the results of their scrap campaign say this: "During the past nine months we have collected and disposed of 3,143 tons of scrap—1,873 tons of which came from our Philadelphia refinery and the balance of 1,270 tons from other points. During the next three months we estimate a collection of 1,322 tons, which will make a total scrap collection of 4,465 tons for 1951."†

† These Scrap Drive reports are excerpted from letters to the American Iron and Steel Institute, Committee on Iron and Steel Scrap.



You'll find your local scrap dealers listed in the yellow pages of the telephone directory

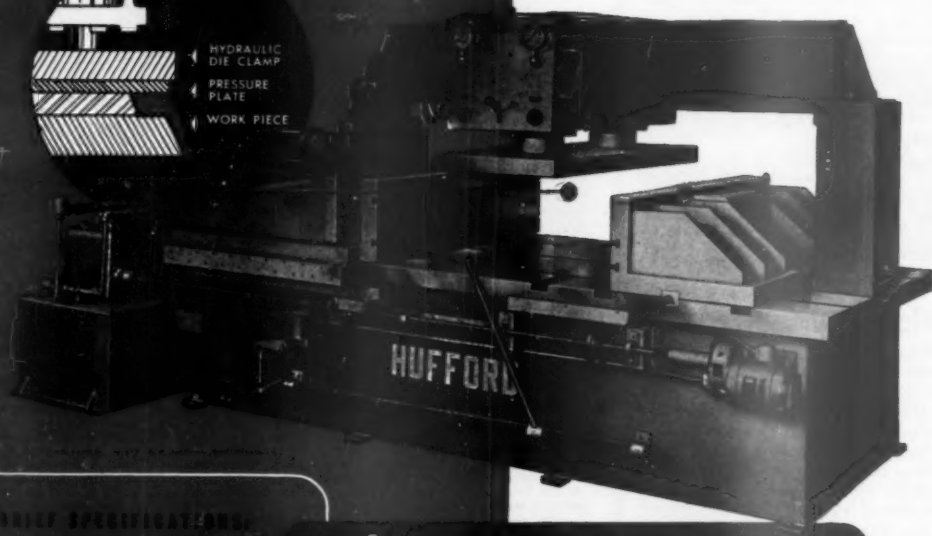
UNITED STATES STEEL

2-387

150 ton precision metal bulldozer

Jumps vertically...

presses
horizontally



Here's HUFFORD'S new metal forming **BULLDOZER** with *built-in vertical hydraulic die clamps!* Upper pressure plates on dies are positively secured in place and protected against deflection during forming operations, yet plates are instantly released to facilitate work handling and removal. No bolts required. Result: faster output, less effort!

The vertical clamping cylinder assembly is easily positioned longitudinally on rollers. Pressure from each 25 ton cylinder is independently controlled. If desired, the entire overhead beam is removable.

A variable-volume pump powers the 150 ton pressing cylinder, the ram automatically halting at any predetermined position by actuating a stop on the shipper rod. This motor-driven stop is rapidly adjustable. Final settings and minor ram advances are made by a graduated hand-wheel. Ram position is indicated within .010" at all times by an automatic counter. *So sensitive is the control, that ram travel repeats with pin-point accuracy!*

Other constructional features and prices are available upon request.

BRIEF SPECIFICATIONS:

and dimensions
 Model
 Working Stroke
 Hydraulic Pressure
 Working Length
 Working Speed
 Vertical Clamping Stroke
 Vertical Travel
 Working Die Clamping Stroke

Hufford

MACHINE WORKS, INC.

1700 E. GRAND AVE., EL SEGUNDO, CALIF.

Manufacturers of HYDRAULIC STRETCH FORMING EQUIPMENT • PORTABLE HYDRAULIC ELEVATORS • STRETCH LEVELING TABLES • HYDRAULIC TILE PRESSES • CUSTOM MACHINE TOOLS • SPECIAL HYDRAULIC APPLICATIONS

and dismantled and are completely reusable—and no special brackets or hooks are necessary.

- Source: Acme Steel Co., 2840 Archer Ave., Chicago, Ill.
- Price: \$17.60 to \$20 per package.

Long-Lived Midget Pump

A tiny pump for machine lubricating applications or for pumping oil in industrial and domestic oil burners has a special feature: Little rollers replace standard vanes in the pump's pressure chamber. This cuts friction way down and is supposed to increase the life of the pump five times over an ordinary pump.

Called Magna-Mite, the pump has a capacity of 1½ gpm. down to ¼ gpm. It has a speed range of 300 rpm. to 3600 rpm. and yet is less than 3 in. in diameter and 6 in. long. It comes with any of three types of control: constant, adjustable, or variable displacement.

- Source: Milwaukee Hydropower, Inc., 3447 N. 35th St., Milwaukee, Wis.
- Price: \$40 to \$80.

NEW PRODUCTS BRIEFS

Permanently protect loose leaf papers. One punch with the Target Punch-Reinforcer, made by Stationers Supply Corp., 82 Wall St., N. Y. C., not only punches the holes but also reinforces the papers with adhesive-back tape.

Freight handlers who have trouble with loads shifting or loosening should like a new spring-action load binder. The heavy spring binder holds a constant uniform tension and eliminates breakage of chain and load alike. You can get it from Canton Cast Products Co., 2452 13th St., N. E., Canton, Ohio.

High-speed engraving is possible with the Scan-A-Graver, a plastic engraving machine. You can make a single column cut in 6 min., claims Fairchild Camera & Instrument Corp.—and reduce costs up to 30%.

A payroll posting board form from Todd Co., Rochester, N. Y. makes it easy to compute taxes for unemployment compensation and the Federal Insurance Contributions Act—which have different annual bases. The form helps you figure taxes on gross payroll.

Different movie lenses get different views of the same subject. By peering through Bausch & Lomb's Animar lens demonstrator, a telescopic device, you can tell just how each lens looks at the subject.

Get 'Em from Your Jobber!

You can be sure your Pyrene® jobber will recommend the right extinguishers for your fire hazards—because there's a Pyrene for every fire hazard! Standardize on Pyrene, a symbol of quality since 1907.

*T.M. Reg. U.S. Pat. Off.



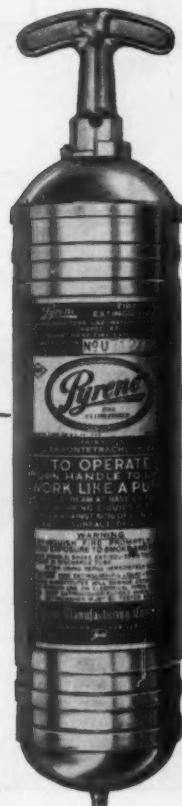
CARTRIDGE-OPERATED

New stainless steel shell—new low price. No annual recharging; no acid. For fires in wood, paper, textiles. 2½ gal. size.



AIR FOAM

Simple playpipe to hose line. Every 19 gals. of water and 1 gal. of Pyrene Foam Compound yield 200 gals. of foam! For flammable liquids and ordinary combustibles.



VAPORIZING LIQUID

World's best all-purpose extinguishers. Safe on electrical fires, effective on flammable liquid fires. 2 qt., 1 gal. (above) pressure types. 1 qt. (large illustration) and 1½ qt. pump types.



CHEMICAL FOAM

2½ gal. size produces about 22 gals. of fast-acting foam. Ideal for flammable liquid and ordinary combustible hazards. Samless copper or stainless steel shell. (Pyrene Soda-Acid also available in stainless steel or samless copper.)

And other extinguishers. Also manual and automatic fire-fighting systems.

**There's a PYRENE
for Every Fire Hazard**



PYRENE MANUFACTURING COMPANY

577 Belmont Avenue

Newark 8, New Jersey

Affiliated with C-D-Two Fire Equipment Co.

REGIONAL INCOME



Federal Reserve District	November 1951	October 1951	November 1950	Federal Reserve District	November 1951	October 1951	November 1950
1. Boston	232.0	235.5	215.3	8. St. Louis	278.5	282.3	259.3
2. New York	247.2	248.2	232.4	9. Minneapolis	302.2	299.2	286.2
3. Philadelphia	249.2	252.1	237.1	10. Kansas City	338.1	335.2	301.3
4. Cleveland	274.0	274.7	239.3	11. Dallas	367.7	359.2	319.4
5. Richmond	288.7	293.7	260.9	12. San Francisco	313.3	311.9	287.5
6. Atlanta	321.7	318.6	288.3	U. S. Composite	281.2	282.1	258.0
7. Chicago	278.4	281.3	259.6	1941 = 100; seasonally adjusted November figures preliminary; October revised			

Income Again Dips Slightly

Income slid off a bit in November, according to the national composite of BUSINESS WEEK's Regional Income Indexes. The move was not entirely unexpected, in view of the quirks that had affected the index in the two previous months. It had dropped in September, due chiefly to an abnormal dip in farm income; some crops were late, and farmers held cattle off the market in the hope of higher prices. So, in October, the index rose sharply as these extra farm products came to market. The November dip represents an adjustment

to normal from the farms' abnormally high October level.

• **Nonfarm Standstill**—But the very fact that these switches in farm income have such a telling effect on the over-all index is significant in itself: It means that the rise in income from nonfarm sources has virtually come to a standstill. It seems likely now that this flat trend will persist until the rise in defense production catches up with the drop in civilian output.

• **Farm Gains**—Gross farm income last year soared to a new all-time record—

8% above the previous peak, set in 1948, and 20% above 1950. The major part of the gain was due to higher prices; marketings rose only about 2%. Net farm income, however, rose less, due to higher production costs. So, on a net basis, 1951 was only the third-best year in history, behind 1947 and 1948.

Most of the 1951 gains went to livestock and poultry raisers. Cash receipts from cattle and hogs were up 20%; from sheep and lambs, up 5% (despite a 15% drop in marketings); from chick-



They did

When this cotton manufacturer* searched for ways to produce more, he used a system that will profit every executive who wants to improve production. He saw a critical area that robbed his plant of finished products; his electrical distribution system. Every electrical storm broke down his system. The entire plant was shut down for hours.

what

So he asked Westinghouse engineers for the help we offer everyone... he asked for a method, a scheme to solve his problems, not a quotation on devices. His staff and ours worked out a distribution method using many devices—switchgear, panelboards, power centers, transformers—to meet his problems. Results: he cut power costs \$12,000 a year; his system restricts any one electrical fault to only 5% of the mill.

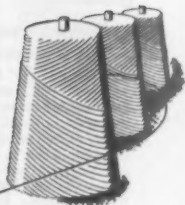
you can do

His story is significant for any industry, any manufacturing process. It says you use capacity thinking to solve capacity problems. We want to do this kind of thinking with you or your engineers about your problems.

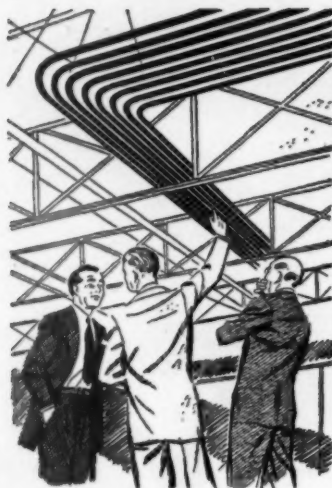
to produce more

You can choose the devices later. It's how you put them together that counts—whether air conditioning, lamps, electronic tubes, elevators or stokers. Many manufacturers make good electrical devices. Westinghouse, in fact, makes a broader line than anyone else. But the priceless ingredient Westinghouse offers you, in addition, is the skill of broadly experienced engineers in putting together the right combination of good devices to let you produce more with what you have. Westinghouse Electric Corporation, Pittsburgh, Pennsylvania.

*name on request



YOU CAN BE SURE...IF IT'S
Westinghouse



"A 30 year service record wrote the specs for this piping job"

Recently, engineers for one of the nation's largest automobile manufacturers were asked to specify a piping material for the heating system in one of the company's newest plants.

They didn't have to look far for the best material. In an adjacent company plant Byers Wrought Iron pipe had been serving for 30 trouble-free years.

Based on this excellent service record, specifications called for 850 tons of Byers Wrought Iron pipe in the new heating system.

Another example of a time-proven fact.

Corrosion costs you more than wrought iron

Now available—"A Winter Wonder"—first sound motion picture on snow melting systems. Send now for folder telling what the film covers and how to apply for a showing to your group. Write A. M. Byers Co., Clark Building, Pittsburgh 22, Pennsylvania.



ens, 15%; from eggs, 30%; from dairy products, 15%. The gain from crops, over-all, was only 6%. Cotton and tobacco were big gainers; wheat and corn produced less income last year than in 1950.

Among the regions, big gainers were the entire Northeast (dairy and poultry); the Southeast (cotton); and the Midwest (cattle and hogs). Biggest loser was the Southwest, where even cattle raisers were hurt by the drought (page 64).



TWO divergent trends are beginning to show up in this region. The economy of the Pittsburgh area is rapidly getting stronger. But that of Ohio, as a whole, is at best barely holding steady.

• **Activity Up**—As recently as November, the Labor Dept. rated the Pittsburgh area's labor supply in Group III—with a moderate surplus of labor supply over need. Since then, activity in the area has picked up sharply, with employment gains in machinery and metals fabrication leading the parade. Employment at yearend was 4% ahead of a year ago, payrolls 9%.

The strength of the Pittsburgh section is due primarily to the fact that its conversion problem is relatively much easier than in most other areas. The area's dominant steel industry will continue to make steel at full speed.

There are two major threats to this section's economy in the near future. One is the possibility of a steel strike when the current truce runs out later this month. The other is the steel-scrap shortage, which has already forced the shutting down of a few furnaces. Otherwise, there is no weakening in sight for the Pittsburgh area.

• **Jobs Scarcer**—In Ohio, on the other hand, unemployment has been rising more than seasonally. Continuing unemployment claims at mid-January stood at over 51,000, some 50% above the mid-November figure, and 25% above a year ago. Many of the layoffs, of course, are seasonal—in construction and wholesale and retail trade. But

the number of layoffs attributed to inventory-taking is well above last year's, and it's a good guess that a lot of these are due not so much to inventory-taking as to inventory-reducing caused by lack of business.

Total factory employment in the state at yearend was lower than in November, 1950—13 months back.

• **Not Enough Defense**—Ohio's basic trouble is that, although its industries received some \$24-billion in defense contracts last year—74% of the national total—defense work has not been enough to offset the decline in output of civilian goods. Durable goods manufacturers are by far the most important in Ohio's economy—they employ almost 75% of all factory workers—and among the major durable goods industries, only producers of steel, machinery and machine tools, and aircraft and parts show a rise in employment.

Producers of fabricated metal products, appliances, and auto parts are all down. So are the textile, apparel, furniture, glass, paper, rubber, and leather industries.

The two major cities most affected by the downtrend are Akron and Toledo. Akron, with its rubber plants, swings up and down pretty much with the auto industry. Toledo is a major center for manufacture of auto parts, so it also reacts in sympathy with Detroit.

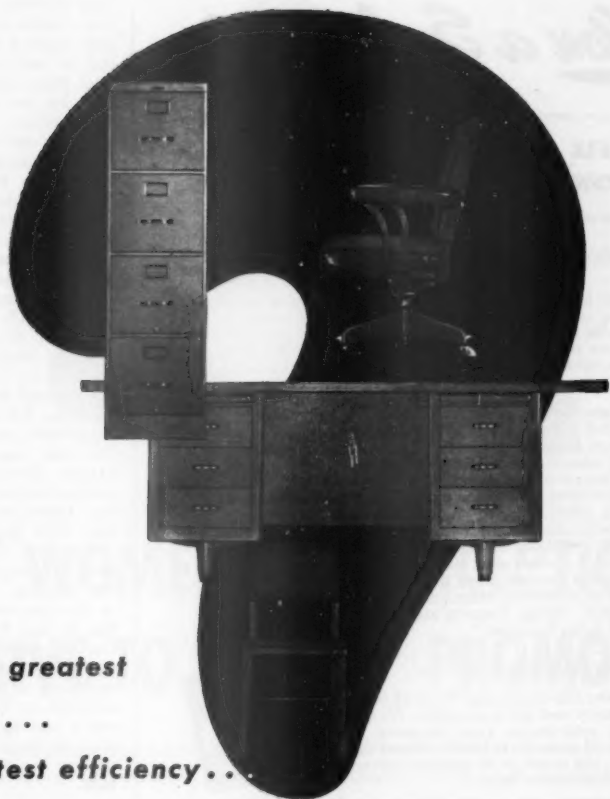
Columbus was one of the strong spots in the state through most of last year. It's also an auto-parts center, so it, too, has been hit by the Detroit cutbacks. But a good deal of the slack has been taken up by the rapid expansion at North American Aviation.

• **Tools Strong**—Cincinnati employment has also slackened off some. Major sources of layoffs have been construction, trade, apparel, and luggage—all mostly seasonal—plus the auto parts and metalworking industries. Machine tools are a continuing strong point. Outlook for Cincinnati is good—due chiefly to the large amount of defense-connected expansion in the past year.

Strongest spots in the state are Dayton, Canton, Youngstown, and Cleveland. Dayton has a lot of diversified defense plants and is helped by continued expansion at Wright Field. Youngstown and Canton are steel-producing centers.

Cleveland is also a big steel center. In addition, its machine tool and tool and die makers are all working at top speed. Paint manufacturers are also at capacity. Metal platers and stampers and makers of civilian hard goods are not doing well. Nevertheless, total employment is at a new peacetime high and is still rising.

• **Miners Move**—The region's many coal mines produced more last year



**Want the greatest
economy . . .
the greatest efficiency . . .**

**select
the dealer who
features**

STEELCASE

Your Steelcase dealer offers you more than attractive office furniture . . . he offers you a Steelcase *engineered* office plan to speed and simplify your "work flow," increase efficiency, boost morale. Steelcase units are engineered with standardized, interchangeable parts to give you the convenience and flexibility that saves you time, space and money. And while it is the last word in efficiency, Steelcase furniture is also beautiful in smart, modern colors, new metallic finishes and matching upholstery and tops. Your Steelcase dealer is a specialist in office planning and layout. See him today.



Look for Steelcase in the classified
section of your telephone directory.

For new ideas in office planning, write for "Tooling Up Your Office"

METAL OFFICE FURNITURE COMPANY, Grand Rapids, Michigan

STEELCASE
Business Equipment

Are You a Salesman?

DO YOU SELL A PRODUCT OR SERVICE USED IN CONSTRUCTION?

Then read about George Green...*

"Years ago I did a great deal of wasteful calling, chasing down rumors and making routine calls on regular customers. These consumed much valuable time, both mine and theirs. If it had not been for the longer hours people worked I would have had little time left for beating the bushes, as we had to, in order to find prospects with a current need for our products.

"When my firm started providing me with Dodge Reports, I was a little skeptical, felt I knew everything that was going on in my territory. But I soon found that without the reports I would have missed some good sales opportunities and been too late on others.



I began to cut down on useless calls and yet my customers sometimes credited me with mind reading when I called at just the right time. Those Dodge sleuths are really something on performing the first step in my sales, discussing a prospect with a current need for my product. Over the years Dodge Reports have helped me make many contacts of lifetime value I might otherwise never have made. Dodge Reports are today an indispensable part of my way of doing business."

part of my way of doing business."

Whether you use Dodge Reports or not...

If you have not seen this book, send for it at once. It will help you sell more and sell more easily. No obligation, just send us your name, your company, your address, your title, if any. Do it NOW. We want you to have this book, the result of 60 years of service to salesmen in the construction field.



*George Green is not the name of any one salesman. The statements above are a composite of what many successful salesmen in the construction field have told us.

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Timely, accurate, comprehensive construction news service
THE FIRST STEP IN EVERY SALE



One of America's richest territories is best reached from Hotel Syracuse. A complete establishment built by the community for the service of its guests. 600 constantly modern rooms.

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YOU CAN SEAL IT BEST WITH GUMMED TAPE!

SAFETEX
Water-Moistened GUMMED TAPE
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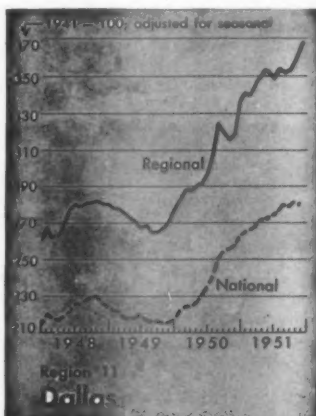
is the business opportunity section of

BUSINESS WEEK

than in 1950. And the outlook is for still further increases this year if export demand holds up. But output will still be well below 1947, the postwar peak year. And mine employment last year did not keep pace with the rise in production, due to increased mechanization and to the higher proportion of strip mining. So the mine areas are becoming a fertile field for industrial labor recruiters from the cities.

• **Farmers Do Well**—Despite droughty weather, which cut yields on the region's two most important crops, corn and wheat—particularly the latter—the region's farmers grossed some 15% more in 1951 than in 1950. Net also increased, though not so much, because of higher costs. Ohio farmers did best, on both gross and net. Pennsylvania did almost as well, except for the Lake Erie vineyards, where farmers abandoned some 8% of their grapes. The take was not very rewarding in eastern Kentucky—until the burley auctions opened late in the year. But the Kentucky burley crop was more than 20% larger than 1950's.

Prospects for this year's farm income are bright. Wheat acreage is up 9% over last year's. Despite the drop in the corn crop, livestock raisers have less to fear from feed shortages here than in most of the rest of the country. The region had little soft corn, and there is as much grain per animal available in the region now as there was a year ago. In addition, hay supplies are larger. This adds up to a continuing expansion of livestock production.



AFTER SETTING an all-time peak in December, employment in the Dallas region has dropped off substantially. The decline is seasonal, of course, but the important fact is that there has not been any appreciable gain in defense jobs to take up the



"RURAL WOMEN ARE EXCEPTIONALLY RESPONSIVE TO *Toni* PROMOTIONS"

"Preference for home permanent waves is very great in small towns and on farms," says R. N. W. Harris, President of The Toni Home Permanent Company.

"We have spearheaded our campaigns in rural magazines such as Country Gentleman. It speaks the farm woman's own language and reflects her own interests. This gives our advertising more power, even

though it is the same copy we use in other magazines."

Country Gentleman's circulation of 2,300,000 is concentrated among the top-half farm families who earn 90% of our entire farm income. Good customers not only for farm equipment, but for cosmetics, foods, appliances, textiles, transportation . . . every product for better living.

**Dealers coast-to-coast say: "Country Gentleman helps me most to sell my best rural customers."
And business places more advertising here than in any other farm magazine.**



"A current feature of Country Gentleman," says Ruth Hogeland, Beauty Editor, "is a series of Home Beauty Jamborees—personal care demonstrations staged by Country Gentleman in rural women's own homes—then featured in the magazine to help rural women everywhere. Thousands of women have taken part in these demonstrations, in which all products used are nationally known brands available in any drug store."



Here's You on a SOUTHERN CALIFORNIA business trip!

For you and your company, Southern California probably represents a pretty unique market.

The way of life, the weather, the expanse of the cities—all combine to make Southern California untypical of any market in the U.S. You have to see it to understand it; and for your health as well as your business—winter's the time to come.

During your spare time you can play golf and tennis, swim in luxurious pools, ride fine western horses—or just loaf in the sun. At night there's the lure of movieland, with its radio and television shows, famous cafes

and world premieres. And for foreign flavor, you'll find a quaint Chinatown just two minutes from a gay Mexican bazaar.

On week ends you can drive along the seashore or go inland, through fragrant orange groves, to the desert. No matter where you go, you'll find fun, adventure, sunshine—and beautiful accommodations.

So let us help you spend your time in Los Angeles County and all Southern California. A special color folder of helpful information is yours for the asking. Just send the coupon below.



ALL-YEAR CLUB OF SOUTHERN CALIFORNIA, LTD., a non-profit community organization serving vacationists. This advertisement sponsored by Los Angeles County Board of Supervisors for the citizens of Beverly Hills, Glendale, Hollywood, Long Beach, Los Angeles, Pasadena, Pomona, Santa Monica and 182 other communities.

All-Year Club of So. California, Div. J-2
629 So. Hill St., Los Angeles 14, Calif.
Please send me your free color folder
"PLANNING YOUR SOUTHERN CALIFORNIA
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PLEASE PRINT NAME AND ADDRESS

slack. The rate of rise in the region's defense industries has definitely slowed. Employment is expected to continue down through this month, then to start rising again.

• **Skills Short**—The over-all labor supply is more than adequate at the moment, except for shortages in such skilled occupations as engineers, draftsmen, tool designers, machinists, and foundry workers, and in office workers—stenographers, clerk-typists, and office-machine operators.

Dallas continues to have the lowest unemployment percentage in the region. But it, too, reported a seasonal decline last month. The aircraft industry continues to increase its payrolls, taking up a little of the slack, but other major industries are not expanding. Houston employment increased seasonally about 6,000 in December, dropped about the same amount in January. The long-term steady rise is expected to resume next month.

In Waco and Fort Worth, the defense effort has not yet had its full effect. So employment in defense industries in both cities is expected to expand in coming months.

Beaumont and Port Arthur continue to have the highest unemployment rate in the region. But things are looking up in both cities. Employment in shipbuilding and ship repair is up sharply. Machinery, metalworking, and petroleum refining have also shown gains.

• **Smelter Slow**—At Texas City, the tin smelter is operating at only 40% of capacity and faces further curtailment of operations if the bottleneck in ore supply isn't broken soon. At San Antonio and Amarillo, where employment has been high due to construction of Air Force bases, the curve has now turned downward as the new installations near completion.

Allowable crude oil production in Texas was raised for this month after three consecutive monthly cuts.

• **Mining Strong**—In southern New Mexico, the oil and gas industries are continuing to expand around Hobbs and Artesia, and mining activity is at a high level in the Silver City area.

• **Farmers Hit Hard**—For the region's farmers, 1951 was a horrible year. Only the rice growers of the upper Gulf Coast of Texas came out unscathed—they harvested a record crop. But elsewhere in the region, from southeastern Arizona to northeastern Louisiana, bad weather and insects hit hard. In most of Texas and New Mexico, drought accompanied the farmer all year. Of 6-million acres planted to winter wheat, fewer than 2-million were harvested. The spring frost took South Texas' winter vegetables off the market and blasted the citrus groves along the Rio Grande and in Louisiana.

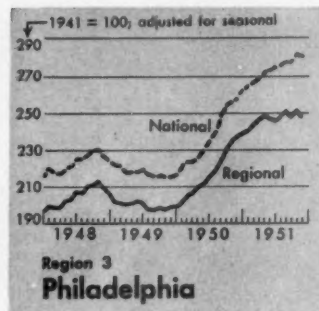
Even for Texas farmers who re-

planted large acreages of abandoned wheat to cotton, the recouping operation was only a partial victory. The continued drought checked cotton growth, too, and the crop, first forecast at 5-million bales, ginned out at only 4.1-million, a loss of 18%.

• **Cut Herds**—In most of the country, livestock men did very well last year. Not in this region. The burned-off grasslands forced a heavy schedule of costly grain feeding and, in many cases, compelled ranchers to cut down the size of their herds.

So 1951 was a very bad year for farm income in this region. And there is no positive sign that 1952 will be much better—except in South Texas, where winter vegetables are doing very well. Elsewhere, the drought is still raging. In the Panhandle, dust storms have hit, and the drought-starved young wheat plants have been unable to hold down the soil. In West Central Texas, the drought is the worst in 30 years; the stricken area includes Abilene, San Angelo, Big Spring, and Waco, and extends down to Del Rio.

Acreage planted to winter wheat is very small—12% under last year's. Most likely reason for the cut is that farmers are planning bigger acreages of cotton, sorghums, and peanuts. But that won't be known definitely until planting intentions are revealed this spring.



OVER-ALL, the trend of income is just about flat in this region. Employment in most of eastern Pennsylvania and southern New Jersey has been declining somewhat.

Principal exception is the greater Philadelphia area, where the trend is slightly upward. Most important factor in this section, from a long-range standpoint, is a slight pickup in the long-depressed textile industry.

• **More Defense Work**—Defense employment is also rising in and around Philadelphia. Electronics is the dramatic war baby of the area. Total contracts of the companies in this field are, of course, top secret, but you can get an indication of their size from the fact



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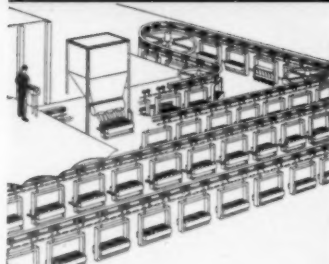
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that Philco has just arranged a \$40-million three-year V-loan to finance its electronic expansion.

Unemployment in the area is about 70,000—due partly to substantial immigration. But employment should start moving up faster soon. In Chester, Sun Shipbuilding will hire 2,200 in the next month; at Bristol, Kaiser Metal Products says it will need 7,000 new men. And U.S. Steel's big new mill at Morrisville should be in production by late summer. Even if the furnaces aren't ready, company officials say they will be using the new mill's finishing facilities by then to handle steel manufactured at other plants.

• **Jersey Slowing**—On the Jersey side, around Camden, employment officials expect some decline in employment for the next few months. Slower business among garment manufacturers and makers of civilian hard goods are expected to be the main cause. RCA's Camden plant has been holding steady. It would like to increase employment, but "lack of qualified engineering and technical workers is holding back our employing of assembly-line workers," says one RCA official.

The area had expected some new defense plants and expansion, but they haven't materialized. Two examples: U.S. Steel Products, near Delair, and National Steel, at Paulsboro.

Employment is still high in Lancaster, Harrisburg, and Allentown-Bethlehem. York reports some decline. The anthracite area continues in the dumps. Schuylkill County is particularly hard hit at the moment; in addition to the coal slump, its shirt and dress factories have curtailed operations. County officials have asked the Air Force to bring its new \$72-million base there, instead of to Lancaster County, where many residents don't want it. But the Air Force prefers Lancaster. If the base doesn't go there, it will probably wind up in New York State. Scranton was cheered recently by the rumor that Curtiss-Wright may establish a 5,000-man plant there.

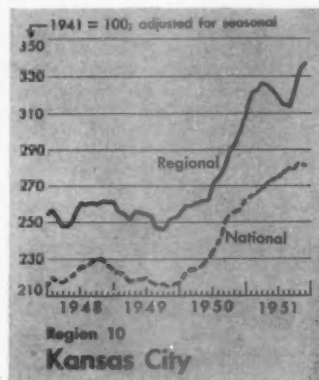
• **Delaware Up**—Wilmington continues strongest of the region's major cities. Employment and payrolls there (and for Delaware as a whole) are at a new all-time high, and still rising. There have been some cutbacks in civilian goods plants (GM has furloughed 1,000 since last March, for example), and there will be more. But the slack has been more than taken up so far by industries with defense contracts. That is expected to continue.

There is a serious shortage of skilled workers. But there are still enough in the semiskilled and unskilled groups.

The population of Dover, the state capital, is expected to be doubled by the planned expansion of the local Air Force base into a major terminal of

the Military Air Transport Service. It appears now that new personnel will at least equal the city's present 8,000 population, and may be as much as 50% greater.

• **Farm Income Up**—Farmers throughout the region did well last year; gross income was probably up 20% over 1950. Net was up substantially, too, despite higher costs, except in the central counties of Pennsylvania, where late-summer drought cut output and raised costs. This year will probably show a decline in net, which will be squeezed between prices that won't rise much, if at all, and costs that are bound to rise sharply. This will be particularly true of dairy and poultry raisers, who earn the largest share of the region's farm income.

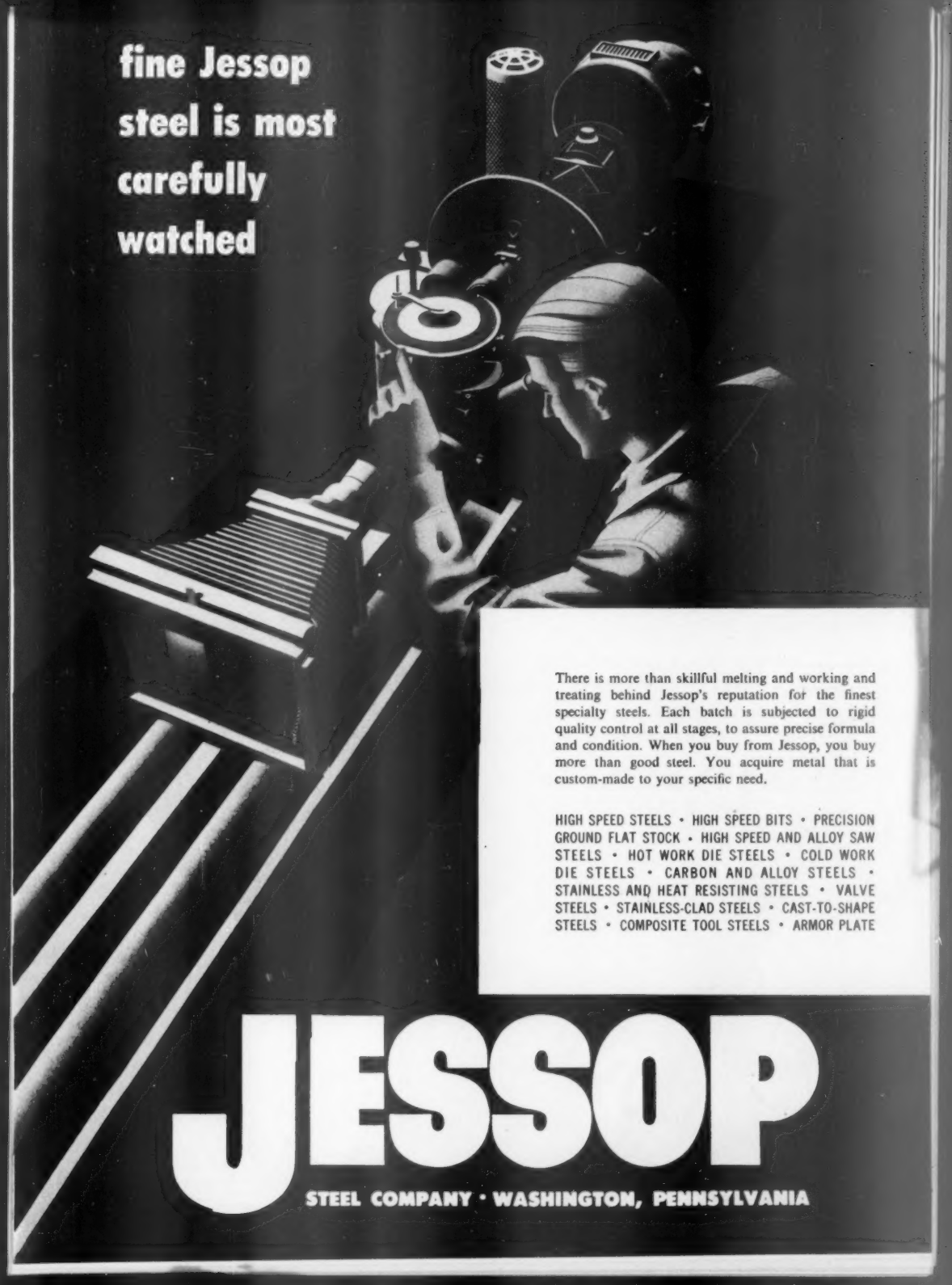


INCOME in this region continues its steady rise, which has been broken recently only by last summer's disastrous floods.

Urban activity is either expanding or, at worst, holding steady throughout the region. In Kansas City itself, both employment and wage rates are at new peak levels. Wichita, of course, continues to boom—it is one of only five acute labor-shortage areas in the country. And its boom has spilled over into Beech Aircraft's plants in Herington and Liberal, Kan., for instance.

In Oklahoma as a whole, nonfarm employment is at an all-time high; the gain above a year ago is better than 5%. The gain in factory employment is 14%. Tulsa is the strongest of the Oklahoma cities—total nonfarm employment has topped 100,000, and unemployment is only about 14% of the labor force. Muskogee continues the only major city with a general labor surplus.

• **Off Seasonally**—The other four district states—Nebraska, Colorado, Wyoming, and northern New Mexico—show a normal seasonal decline in activity and employment. Principal reason: They have caught comparatively



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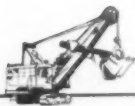
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That small "intercom" set, manufactured for telephone companies and connected to the school over telephone wires, brings the voices of teacher and pupils right into the room of the housebound child. By flicking a switch, she talks to her classroom... asks questions—answers them, too—and her voice is heard by everyone there just as though she were at her desk.

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little of the direct defense program; nevertheless, employment in all four is at a relatively high level. Omaha, Lincoln, Denver, and Pueblo are all rated by the Labor Dept. as having a "balanced labor supply"—which means that there is no significant labor surplus. On the other hand, there are few critical labor shortages either.

• **Crops Way Off**—Two separate trends affected the region's farmers in 1951. Livestock men did very well; their income for the year is estimated as much as 20% above 1950's. But the crop producers were plagued all year with drought and floods, frost and insects.

Drought forced tremendous abandonment of acreage planted to wheat: In Kansas, fewer than 10-million acres were harvested out of almost 15-million planted; in Oklahoma only 4-million out of 64-million; in Colorado 2.4-million out of 3.5-million. In corn, relatively little acreage was abandoned, but the weather cut yields sharply. In Nebraska, the region's leading corn producer, yield last year was only 264 bu. per acre, compared with 36 bu. in 1950; in Kansas, yield was down from 35 bu. an acre in 1950 to 24 bu. last year. And a good bit of the corn that was harvested was trapped by September frosts and thus didn't fully mature. The Dept. of Agriculture estimates that fully a third of Nebraska's corn was "caught."

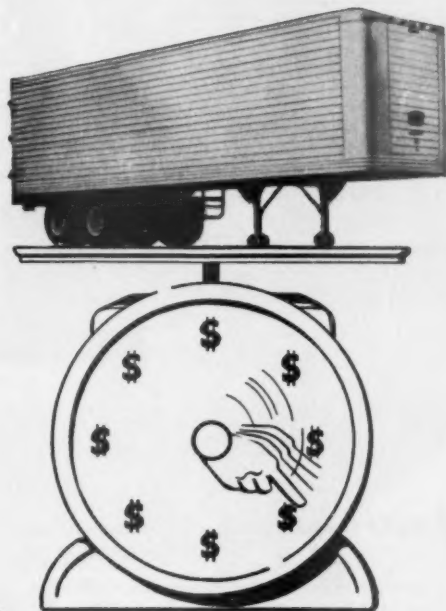
The situation was partly saved in Kansas by replanting of abandoned wheat acreage to grain sorghums; the state's farmers harvested 57-million bu., 28% more than in 1950, and almost three times the long-term average. And in Oklahoma, the cotton crop was almost double 1950's.

• **Outlook Good**—If seedlings for 1952 winter wheat are any indication, the region's crop producers are out to recoup their losses. Acreage planted in Kansas, Colorado, and Wyoming is at near-record levels; in Kansas alone, the increase over last year is 440,000 acres. In Oklahoma, however, less wheat was sown, because of the drought and its complications. Oklahoma farmers may have decided to move more of their land permanently into cottons, sorghums, and peanuts; it's still too early to tell.

Weather so far has been mostly favorable for winter wheat. But snow cover has been erratic, and much of the wheat is greening in the southern sections, which makes it more vulnerable to possible severe freezes to come. More moisture is needed throughout the "dustbowl" area.

For livestock men, 1952 is likely to be less happy than 1951. Corn and other feed grains will be very short, with two results likely: (1) high feeding costs; and (2) enforced reduction of herds.

The scale tells the tale



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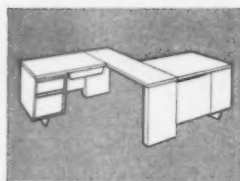
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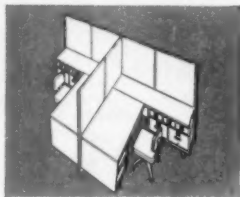
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Credit's Due

Dear Sir:

Your article on the Multi-Deck project in Beverly Hills was excellent [BW—Jan. 19'52, p92]. Bill Pereira and I were distressed, however, by the inadvertent omission of the name of Ellis White, whose mechanical invention made the whole undertaking possible. We wish to give Mr. White due credit for his major contribution.

CHARLES LUCKMAN

PEREIRA & LUCKMAN,
ARCHITECTS—ENGINEERS
LOS ANGELES, CALIF.

Appropriations Cut

Dear Sirs:

With reference to your past articles on the Census Bureau, I have just found out that appropriations for publishing the 1950 Census have been cut so that detailed information by townships will not be printed, but tabulations are available if one wishes to get photostat copies. Other detailed reports are being curtailed. This information came as a shock to me, and it may be of interest to a number of your readers engaged in market research. Perhaps you can offer some detailed information about this.

CHARLES ARMSTRONG

ASSOCIATE STATISTICIAN
DIVISION OF RESEARCH
UNIVERSITY OF THE STATE OF NEW YORK
ALBANY, N. Y.

• Although there has been a 10% cut in funds, the Census Bureau claims the cutback in information has not been so sharp as the cutback in funds, due to increased productivity and streamlining of operations. Some of the areas that have been cut back are: foreign trade statistics—monthly summary of foreign commerce; figures on canning stocks in season in wholesale districts. Nine regional bulletins on regional trade have been consolidated into one. Some data Census has stopped publishing have been picked up by NPA in an industrial commodities series. And some data collected but not printed can be printed, at a company's request, for a fee.

Letters should be addressed to Readers Report Editor, BUSINESS WEEK, 330 West 42nd Street, New York 18, N. Y.

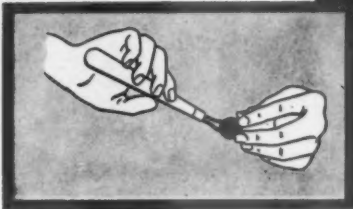


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The pièce de résistance is engineered

Pièce de résistance of the Old Fashioned is a cherry—complete with handle, but no pit. What happens to the pit? Well, until 10 years ago, they plucked it out with a little spoon—14 lbs. per worker per hour. Now they pit Maraschinos by machine—without crushing the fruit or losing the stems—1,000 lbs. per machine per hour. Why? Because fruit prices are up, labor has become priceless, and processors must turn to food engineering.



Cherry pitter, developed by The Dunkley Co., Kalamazoo, Michigan, punches cherry pits through holes in rubber cups—1,000 lbs. of cherries an hour.

The cherry may be secondary to an Old Fashioned drinker, but the fruit processor takes a more serious view. Likewise, the baker, the brewer, the dairyman, the meat packer. They know *food engineering* is essential in holding the slim, slim profits of food plants

these days. Ingredients, packages, methods, processes, physical distribution—all must be up-dated. So they're buying 1/7 of ALL new manufacturing plant and equipment (plus \$20 billion worth of materials, parts, containers and supplies each year).

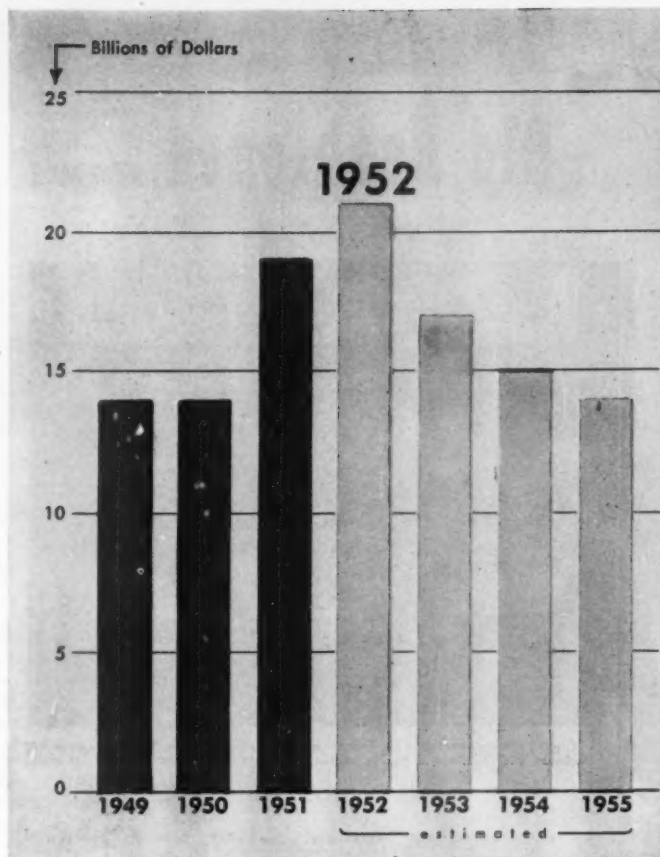
And they're buying three times as many subscriptions to *FOOD ENGINEERING* as they did in 1940. It figures. For years, *FOOD ENGINEERING* has led industry-wide readership polls (the latest, by Crossley Incorporated); for years, it has carried more advertising than any competitor covering the *food engineering* market.

What's *your* market in food plants? Send for *FOOD ENGINEERING's* informative 1952 Market & Media File.



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Common denominator of the food industry



Industry's expansion plans peak during mobilization. But they stay high for years to come.

Here are the capital spending plans of . . .

Business Week Reports to Executives on

Industry's Expansion Plans

TWO things stand out today from industry's detailed plans for plant and equipment spending:

- The year ahead will set a record. Companies plan to lay out more for capital goods—\$21.2-billion—than ever before in history.

- After 1952, investment will still be big. Although mobilization expansion will have passed its peak, business already plans to spend more than \$14-billion in 1955—a level well above pre-Korean years.

These are the major conclusions of the fifth annual survey of investment plans by the McGraw-Hill Dept. of Economics.

This year will probably be the high-water mark in what has been the great-

est wave of expansion ever in the United States. Industry spending may drop quite a bit in 1953. Right now the only industries whose capital expenditures are rising are those with defense contracts or defense-supporting priorities. By the end of the year their spending, too, will have passed the crest.

- **No Drying Up**—But the idea that after mobilization capital investment will dry up, as it did in the 1930s, can now be written off. The increase in capacity during the defense buildup will be tremendous, certainly. For manufacturing companies, it will amount to a jump of 16% since the end of 1950 and more than 100% since 1939. In the six years since 1945 manufac-

turers have invested \$50-billion in new facilities—a total roughly equal to the gross amount they had invested in capital assets at the end of World War II.

After 1952, though, industry will still be spending a vast amount of money on plant and equipment—primarily for replacement and modernization. Preliminary plans right now point to a total of \$16.7-billion in capital expenditures in 1953, \$15.1-billion in 1954, and \$14.1-billion in 1955.

Thus, when you remember that distant-future plans are always less complete, the actual drop in capital spending from 1952 to 1955 may amount to no more than 20% to 25%. That would still leave investment within

MILLIONS OF DOLLARS

	Actual '51	Planned '52	'53	Preliminary Plans '54	'55
Steel	1,310	1,638	1,048	934	901
Machinery	638	636	443	424	414
Electrical Machinery	355	809	712	372	299
Autos (including defense)	797	781	406	297	289
Transport Equipment	227	404	145	40	40
Food	930	769	710	816	754
Petroleum & Coal Products	2,040	2,815	2,477	2,111	2,055
Chemicals	1,266	1,464	1,323	1,191	1,179
Textiles	676	396	396	383	394
Other Manufacturing	2,902	3,209	2,368	1,957	1,869
ALL MANUFACTURING	11,141	12,921	10,028	8,525	8,194
Mining	806	943	415	321	358
Railroads	1,564	1,642	1,248	1,117	1,002
Electric & Gas Utilities	3,676	3,948	3,360	3,204	2,748
Other Transport., Communications	1,592	1,721	1,671	1,943	1,839
ALL INDUSTRY	18,779	21,175	16,722	15,110	14,141

1951 Figures from U.S. Dept. of Commerce; Electrical & Gas Utilities Figures from *Electrical World*, American Gas Assn.

©BUSINESS WEEK

for 1952 Through 1955

10% to 15% of 1951, and well above pre-Korea years.

• **Continuing Boom**—For this year the survey indicates a continued boom for the capital goods industries. This survey is not a forecast, but a summary of industry's plans as reported to McGraw-Hill this month. It shows:

• Plans for expenditures by all industry in 1952 call for a jump in dollar outlays of 13% over last year.

• Manufacturing industries will spend \$12.9-billion to replace old equipment and build new factories. Expenditures in 1951 were \$11.1-billion.

The 13% jump that will take capital spending to its record \$21.2-billion in 1952 is by no means uniform through-

out industry. In electrical manufacturing the increase in spending over 1951 will be more than 100%; in transportation and communications it will be a modest 8%. Some industries will actually spend less in 1952 than in 1951.

Capacity. Translated into terms of plant, the capital outlays of the manufacturing industries will add 8.4% to capacity. (The rise in 1951 was 7%.) The big increases will be in defense and defense-supporting lines; outside of some building materials, capacity won't increase much in nondefense industry.

Expansion. Defense industries are the big ones in terms of capital spending. So industry—on balance—is still expanding this year. Of the capital in-

vestment dollar, 52% will go for expansion; 48% is ticketed for modernization.

Financing. Raising capital won't be a big obstacle in 1952. Companies generally have—or can get—enough money to carry through their investment plans. Four out of five intend to finance entirely out of retained earnings, depreciation, and reserves—no outside money.

• **The Big Year**—Unquestionably, 1952 is the big year for defense-supporting expansion. It started in 1951. But, as *BUSINESS WEEK* checks revealed (BW-Jul.14'51,p21), the biggest defense projects got going late, and completion was pushed off into 1952. Dept. of Commerce figures show spending is running unusually high right now—

How product lines will invest in '52

THESE INDUSTRIES WILL SPEND...

MORE IN '52 LESS IN '52

(Percent change from 1951)

Agricultural Machinery	+47%	
General Industrial Machinery	+19	
Metal Working Machinery		-17%
Office & Store Machinery		-16
Service Industry Machinery		-32
Special Industry Machinery		-1
Paper		-4
Rubber	+44	
Lumber	+2	
Glass	+28	
Cement		-53
Baking	No change	
Canning		-17
Dairy Products		-21
Non-ferrous Metals (Mining & Mfg.)	+62	
OIL (TOTAL)	+38	
Production	+13	
Refining	+118	
Transportation	+106	
Marketing	+10	

18% more than the first quarter of 1951. However, the McGraw-Hill survey shows expenditures, at least in manufacturing, will be fairly even throughout the year—52% in the first half, 48% in the second.

This year, despite bottlenecks, in-

dustrial feels it can get the job done. Few companies in defense-related lines expect materials or equipment shortages to limit their spending. In most cases, construction of new facilities is well along now; much of the tooling is on order.

Mining, Manufacturing Are Leaders

Within the major industry groupings, the biggest increases in capital spending this year are in mining (17%) and manufacturing (16%), where defense expansion is heavy. Electric and gas utilities plan a 7% increase in spending; transportation and communications see an 8% hike. Railroads will spend only 5% more.

The utility figure, however, doesn't show a completely true picture. Electric utilities are actually expanding faster than manufacturing; power companies plan a whopping 24% increase in investment in 1952. What brings the over-all figure down is a drop in the plans of gas utilities.

Spending by private electric utilities will total \$2.6-billion in 1952. If the outlays by public power agencies were added in, the total would be \$3.8-billion—the largest single expenditure for capital goods.

Among manufacturing industries,

the biggest spending will come from the oil companies. Plans for new producing, refining, transportation, and marketing facilities add up to \$2.8-billion—38% more than actually spent in 1951.

• **Longest Leap**—The biggest increase in spending—as distinct from the biggest spending—among manufacturers shows up in electrical manufacturing. Plans call for 1952 expenditures that are more than double those of last year.

Transportation equipment—which is dominated by defense-swollen aircraft—shows a 78% increase. In steel, spending is up 25%; in chemicals, the rise is 16%. Autos will keep spending close to last year's high level, as will machinery. Nonferrous metals companies are spending 60% more than last year.

• **Shift in Planning**—Over-all, there won't be quite so much concentration on expansion this year as there was in 1951. Last January companies planned

to put 58¢ of every investment dollar into expansion, actually wound up investing 53¢. Now only 52¢ out of the capital spending dollar is earmarked for expansion; the rest will go for modernization.

The reason for the shift in planning this year is this: Late in 1950 and early in 1951 small companies, particularly those in nondefense industries, speeded up their expansion plans to get under the wire ahead of materials shortages. At the time, many of the companies were making record profits; adding new capacity seemed to be a logical decision.

After the Controlled Materials Plan came into operation in the second half of 1951, nondefense industries had a harder time getting materials, both for building and for their products. For many, profits slipped badly. Thus, few of these companies are expanding now. And the fact that they aren't holds down the proportion of expansion in the total manufacturing picture.

• **For Defense**—Expansion in defense industries is tremendous. In the automobile industry—long on arms work—73% of all capital expenditures will go for expansion. Chemical companies are spending 78% of their investment funds to expand. The transport equipment group, which includes aircraft manufacturing, is investing almost entirely for new capacity.

On the other hand, the food and textile industries are ticketing three-fourths of their 1952 spending for replacement and modernization. Apparel and furniture companies plan to spend almost nothing for expansion.

• **Capacity**—By the end of this year U.S. manufacturing industries will have added 8.4% to capacity, if they carry through their present plans. Coupled with the new plant brought in in 1951, this will add up to an impressive record—16%—for two years of mobilization. In electrical manufacturing, chemicals, and autos, capacity will be up almost one-fourth since the end of 1950. In machinery, the jump will be nearly one-third; in transport equipment, over 50%. Steel capacity will be up 12%, electric power 20%.

In 1952 alone, the planned increases over capacity on Dec. 31, 1951, will be 12% for chemicals, 13% for machinery, 9% for steel, 8% for autos, 14% for electrical manufacturing, and 33% for transport equipment. Electric power capacity is slated to rise 11%. Although capacity figures for mining aren't available, there will certainly be a big rise. Expenditures by coal and nonferrous metals companies are up sharply. Petroleum, too, will show gains since most of its planned spending is for developing new wells.

• **Nondefense Cuts**—Outside of defense industries, however, you can't

expect much of an increase in capacity. Capital spending, generally, will be down from last year. Food companies will spend 17% less this year than in 1951; textile manufacturers plan a drop of 41%. There also will be big cuts by apparel, furniture, and some small machinery makers. Materials troubles are very definitely a factor here; machinery, food, and some chemical companies say they would spend substantially more in 1952 if they could get their hands on the needed supplies and equipment.

Spending for new capacity will be lower in the gas utilities and communications industries, too. The shortage of materials hurts badly here. Gas pipelines are being postponed for lack of steel plate and pipe. Telephone construction is held up by shortages of copper wire and other key materials. Railroads have the same trouble. With plates and structurals short, they can't see any big increase in freight car deliveries this year.

Money No Problem

Financing isn't going to be a big problem for industry in 1952. Most companies have enough cash to carry through their investment plans, or can get it. Four out of five intend to cover their capital spending out of retained earnings and reserves. A good many others have already sold the securities to pay for at least part of their 1952 programs.

In some industries, however, plant expenditures are so big that companies will have to lean more heavily on the money market than they did in the past. This is true of aircraft, petroleum, steel, chemicals, and electrical machinery.

It's normal to expect that aircraft companies would go outside for money—some of it in the form of government aid. But a year ago oil and electrical machinery companies were financing almost entirely from internal sources. Steel and chemicals companies planned to get more than 90% of their 1951 funds from depreciation and retained earnings.

This year 11% of electrical machinery companies will borrow or sell new stock to help finance capital spending. One-fourth of the petroleum companies, one-third of the chemical companies, and almost three-fourths of the steel companies expect to sell new securities to raise part of their funds. Chemicals are the only group relying heavily on equity financing. Other industries will borrow almost all the outside money they need.

• **Troubles**—Small companies are apparently having a harder time in planning capital expenditures than larger

What companies are spending for

	EXPANSION		vs. MODERNIZATION	
	'51	'52	'51	'52
Steel	67%	56%	33%	44%
Machinery	56	54	44	46
Electrical Machinery	49	67	51	33
Autos	73	73	27	27
Transport Equip.	77	90	23	10
Food	41	24	59	76
Chemicals	77	78	23	22
Oil & Coal Products	32	32	68	68
Textiles	43	24	57	76
Other Manufacturing	48	53	52	47
TOTAL	53	52	47	48

Why companies will spend in '53, '54, '55

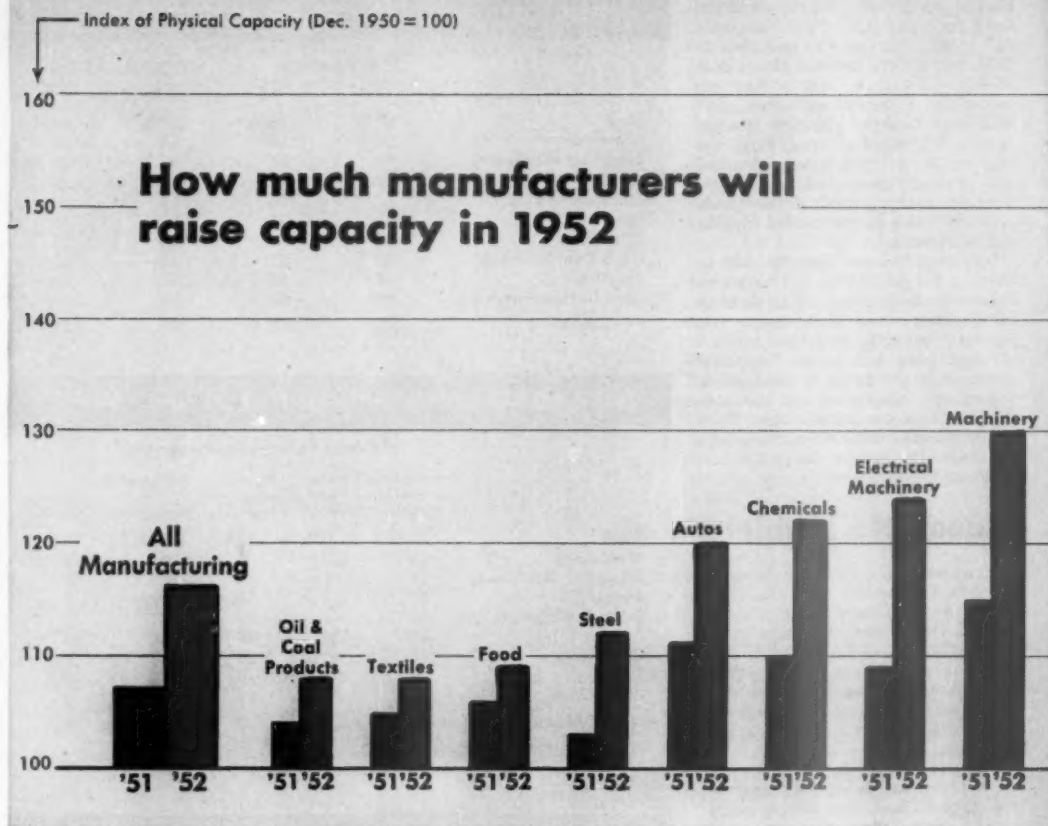
Percent of companies saying:

	More Capacity for present products	Capacity for new products	Plants to serve new market areas	Replacement & Modernization	Other Reasons
Steel	38%	0%	0%	88%	13%
Machinery	39	31	4	87	0
Electrical Machinery	57	71	14	100	0
Autos	67	33	33	83	0
Transport Equipment	57	43	14	71	0
Food	50	21	17	88	13
Chemicals	60	60	27	47	7
Textiles	16	26	5	89	0
Other Manufacturing	49	38	11	91	0
All Manufacturing	48	33	13	83	4

Note: Totals add to more than 100% because some companies gave more than one answer.

How companies plan ahead

	"Do you regularly plan capital expenditures several years in advance?"		"If so, how far ahead do you plan?"		
	Percent of companies answering		MORE THAN		
	YES	NO	2 yr.	4 yr.	5 yr.
Steel	88%	12%	100%	80%	0%
Machinery	41	59	100	64	5
Elec. Mach.	63	37	100	50	0
Autos	71	29	100	16	0
Transp. Equip.	43	57	100	33	0
Food	68	32	81	38	6
Chemicals	82	18	93	71	0
Oil, Coal Products	60	40	67	50	0
Textiles	65	35	100	21	0
Other Mfg.	68	32	92	34	3
ALL MFG.	61	39	93	45	2
Mining	62	38	92	50	0
Airlines	100	0	100	40	0
Railroads	57	43	100	67	10



companies. The survey, although it concentrates on the larger companies, includes a broad sample of smaller firms in the fields in which they are impor-

tant—such as metalworking and food. In many cases, the smaller firms indicate the squeeze on profits—and materials shortages—have cut into their plans.

until late this year; the really big additions to capacity are slated to come in 1953. The same timetable holds true for chemical plants.

Actually, both the oil and chemical industries are expanding on a long-term basis anyway. Their spending is scheduled to hold at a high level right through 1955. In that year they plan to put out just as much money as they did in 1951.

In nondefense lines, the adjustment to lower capital spending will come this year. In both food and textiles, plans for 1952 are down to a normal, or maybe subnormal, level. Neither industry figures on further cutbacks in 1953-55. In fact, if profits pick up—companies have been hard hit by the inventory recession and by price controls—spending stands a fair chance of rising above plans later in 1952 and in the future.

• **Utilities High**—The utility group looks like a sure bet to hold up well. Electric utilities, particularly, plan to continue their present spending pace

Plans Stay High for Years Ahead

Industry already has plans for substantial capital spending in the years to follow mobilization. Four out of five manufacturing companies that answered the McGraw-Hill survey gave some plans for the years beyond 1952.

They add up to considerably less than the superbloom expected this year. But there's already more new plant on the drawing boards for 1955 than was installed in any year but 1948 or '51. Thus, even when the forced draft of mobilization ends, there's a good chance industry's spending will level out well above pre-Korea.

McGraw-Hill asked businessmen how much they would spend in 1953-1955 if business stays reasonably good, and if corporate taxes continue at the

present 52% rate (but without an excess profits tax). Here's what their plans for the future show:

Capital expenditures will start down in 1953. The big drop will be in defense industries—steel, machinery, autos, and transport equipment. These industries may be producing a lot of defense goods in 1953. But their plant expansion will be largely finished this year. And when it's done, they evidently don't expect to add much new plant for some time.

• **Carryover**—In some fields, particularly defense-supporting industries, expansion will carry over into 1953. This is especially true of petroleum and chemicals. The petroleum refinery and pipeline program won't hit full stride

ery

52

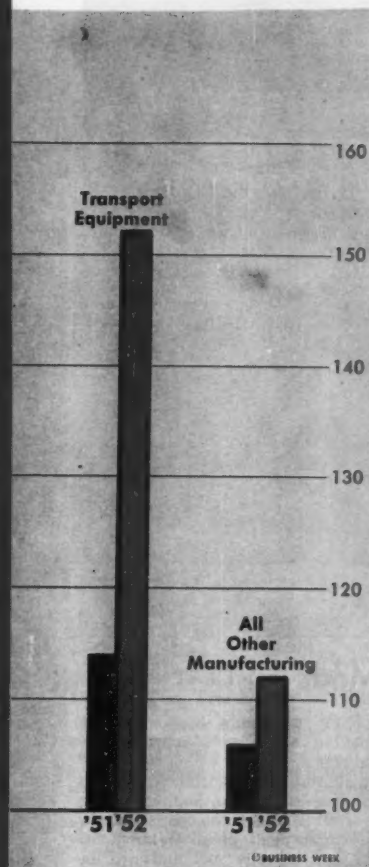
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through 1954. Peak additions to generating capacity will come in 1953. But companies will carry on for another year with high expenditures for transmission and distribution equipment.

Although gas utilities have much less definite plans for the years after 1952, electric and gas companies together plan to spend only 18% less in 1955 than they will this year. In telephones—restricted now by materials shortages—the big backlog of demand for phones and other communications services probably means more spending after 1952. Mining companies are making unusual outlays right now to develop new sources of supply. They don't count on this to continue. Planned investment in the field shows more than a 60% drop by 1955.

Railroad plans also trail off—down 29% from 1952 to 1955. But as in manufacturing, this probably reflects uncertainty about future conditions. If traffic holds up, railroads may spend considerably more.

Airlines are definitely planning on

bigger capital expenditures in 1953-55 than they're making now. The reason: the big new fleets of superplanes now in design or on order.

• **More to Come**—Add it all up, and you get industry spending 20% less than 1952 in 1953; 33% less by 1955. But in practice neither drop is likely to be that sharp. As more plans take form, 1953 could easily come within 10% to 15% of the 1952 level; 1955 might be off no more than 20% to 25%. If this holds true, we'll have the foundation for a relatively high level of business, if not the hectic boom of mobilization.

• **Reasons**—The overwhelming reason for big capital spending in the future is replacement and modernization. The shift from expansion—hardly perceptible for industry as a whole in 1952—will gather momentum as mobilization tapers off.

Eight out of nine companies in steel, machinery, and the auto industries give modernization as a primary reason for their 1953-55 programs. In food, textiles, and other soft goods industries, it's nine out of ten. Railroads and airlines, too, will concentrate on modern-

ization, although they expect some incidental increase in capacity.

Only the chemical group will still be expanding so fast that new capacity—for both new and present products—will be its primary aim.

• **New Products**—However, this doesn't mean that there won't be a substantial amount of expansion. A majority of companies in the electrical machinery, auto, and transport equipment industries is planning more capacity for present products. And at least one-third of the companies in every line—except steel, food, and textiles—have some plans for new products after mobilization.

A substantial minority of companies also plans factories to serve new market areas. Auto and chemical companies, especially, are in this class. Together, new products and new market areas account for a big part of industry's post-mobilization plans for new plants and equipment.

Taking all three—the modernization, the new products, and the new markets—you can draw a picture of high-level capital spending for a long time to come.

Everything Depends on Profits

Of course, it's not guaranteed. Plenty of things can happen to knock industry's plans for the future into a cocked hat. Here are the ifs and buts that businessmen stressed in replying to the McGraw-Hill questionnaire:

(1) Everything depends on profits—after taxes. They'll be the source of funds for most capital expenditures. If there's a general business slide, many capital spending projects would be dropped.

Over 40% of the companies answering the survey said that it takes longer now for an investment in new equipment to pay off than it did two or three years ago. Equipment costs are up, and taxes cut into the additional profit you get from more efficient machines. Many companies also say they have exhausted the backlog of obvious, quick-paying improvements that they had right after World War II; they're getting into more marginal projects now that don't pay so quickly. Thus, if profits dropped much, a good many projects might be junked.

(2) There may be financing problems. The industries with the largest spending plans for after 1952—steel, utilities, electrical machinery, chemicals, and petroleum—will rely on the public money market to finance a big chunk of their program. In the chemical industry, 19% of the companies covered by the survey plan to borrow; 25% expect to sell stock. In petroleum, 17% count on borrowing, in steel

29%, and in electrical manufacturing 14%.

• **Less Financing**—As a group, manufacturers expect to use the money market slightly less in 1953-55 than in 1952. But that's only because some industries are cutting their capital spending and expect to finance the smaller amounts out of retained earnings. However, expansion will still be heavily dependent on outside financing. And this makes plans vulnerable—because it's impossible to predict the markets so far ahead.

• **Tax Limits**—The thing that would boost capital spending most is a cut in taxes. Manufacturers say again and again that the present tax level limits the number of projects that will pay out quickly; often they are reluctant to do any planning far into the future. A tax cut after mobilization would make a lot of projects more attractive. Capital expenditures might hold up even if profits were somewhat lower.

• **Foresighted**—One of the most significant findings of the McGraw-Hill survey is that most manufacturing companies make it a regular practice to plan capital expenditures several years in advance. The fact that more companies are planning on a long-term basis may dampen the sharp swings in capital investment. More than 60% of the companies in most industries, and more than 80% in steel and chemicals, use advance planning. So does a

How the money will be raised . . .

... in 1952

1953-1955

	Percent of Companies Planning to:			Percent of Companies Planning to:		
	Finance from Profits and Reserves	Borrow Part of Funds	Sell Stock To Raise Part of Funds	Finance from Profits and Reserves	Borrow Part of Funds	Sell Stock To Raise Part of Funds
Steel	29	71		71	29	
Machinery	78	17	5	87	6	7
Electrical Machinery	89	11		86	14	
Autos	100			100		
Transport Equipment	86	14		100		
Food	89	11		91		9
Chemicals	67	22	11	56	19	25
Petroleum and Coal Products	75	25		83	17	
Textiles	86	14		93	7	
Other Manufacturing	83	14	3	84	12	4
ALL MANUFACTURING	80	17	3	85	9	6

majority of companies in mining and transportation. Almost all electric utilities budget ahead.

This advance planning—where it occurs—is generally for three to five years ahead. However, in steel, machinery, and chemicals, and among the railroads, many companies plan more than four years ahead, and many more look beyond three years.

Other companies evidently formulate some advance plans for capital expenditures as a guide to financial planning and the raising of new money. But they do not set a definite schedule for actually making the expenditures. Others that used to plan spending well in advance have stopped. They blame the uncertainties of taxes and controls.

All in all, it adds up to this: Industry now does a great deal more long-range planning than it used to—and much more than most people have suspected. This explains the relatively high level of plans for investment after mobilization. Industry is not just planning for 1952. Companies are laying the groundwork for new products and new markets in the years ahead—simply because they figure this is sound business practice.

• **Stabilizing**—All this offers new hope for stabilizing capital expenditures without the bust that usually follows the boom. Plans can change, of course. But at least industry has the plans. And this could be something that might change the shape of future business cycles.

How This Survey Was Made

The capital expenditure survey made by the McGraw-Hill Dept. of Economics is a report on the spending plans of industry for 1952 through 1955. It is solely a report on where and how industry now intends to spend on capital goods.

The companies cooperating in this survey employ more than 60% of all workers in industries where capital investment is highest. That includes chemicals, oil, railroads, electrical machinery, autos, utilities, and steel. These industries account for about two-thirds of all spending for capital goods. The companies included are mostly the bigger companies in these industries.

• **Selective**—In other industries, coverage was not so complete. But the par-

ticipating companies were carefully picked to make up a representative cross-section.

In all, the samples include companies employing more than 5-million workers. That is about one-quarter of the total employment of all industry.

Physical capacity was measured by figures supplied by the cooperating companies themselves. All companies were asked to select their own measures of physical output.

The figures on capital expenditures in this report are not directly comparable with those given in previous McGraw-Hill reports on capital spending. Instead, survey data for 1952, and succeeding years, have been put on the same basis as the revised series published by the Dept. of Commerce for 1945-1951. Figures on industries' plans are therefore comparable with the Commerce figures for back years. Figures on capacity are comparable with those published in last year's (BW-Mar.31'51,p67) report.

Capital spending for the electric utility companies was obtained through the cooperation of Electrical World, a McGraw-Hill publication. Figures on gas utilities are from the American Gas Assn. Correspondents of BUSINESS WEEK personally interviewed many company executives. Other McGraw-Hill magazines helped in conducting the survey in their own particular fields.

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THE MARTS



YESTERDAY This is the corner of Worth and Church Streets, the heart of the cotton textile business, as it looked back in the 1890s. The wagons belonged to the dry goods wholesalers, then the biggest customers for cotton textiles.

Textile Market Gets an Itching Foot

New York's Worth Street, for 85 years the nation's primary cotton textile market, became a corporation last week. A group of the leading firms still operating in the area launched Worth Street, Inc.

Formation of the corporation isn't a sign of strength. It's a defensive move. The corporation's founders call themselves an "association of firms in textile

and allied fields of activity that are interested in the improvement and advancement of the downtown New York textile area." In plain language, that means that Worth Street, Inc., will try to stop any more textile houses from moving uptown.

• **What's Up**—It faces a hard job. For there's no doubt about it, Worth Street is slipping. It is slipping in two ways:

• As a piece of real estate, the Worth Street area is losing ground. More and more selling houses are moving away from the old district to the midtown garment area.

• As a market for textiles, Worth Street is suffering from the long-run trend of the cotton business. An increasingly large percentage of the output of the textile mills is bypassing the

Worth Street Is a District

Physically speaking, Worth Street is usually taken to mean the six or so blocks in downtown Manhattan around the street of that name. Here cluster scores of textile selling or merchant houses, as well as cotton converters and other textile businesses.





TODAY Worth St. buildings look much the same as they did 60 years ago. But the customers are different. The wholesalers are gone, the converters are going.



TOMORROW The new customers are uptown, in the garment district, near this building on 41st St. and Broadway. It's the future home of J. P. Stevens.

selling machinery that the Worth Street market provides. Instead of being sold repeatedly, a large part of textile production now moves all the way from the mill to the finished garment without ever changing hands.

The textile people who are still faithful to Worth Street are worried about what's happening to their colorful and time-honored district. Outwardly, Worth Street and the neighboring blocks look much as they have for years. There are even sizable chunks

of buildings that date back to the days just after the Civil War, when Worth Street won leadership in the cotton textile field. The changes are behind the scenes.

• **Dropping Off**—A decade ago about 90% of all U.S. cotton textiles flowed through the selling houses along Thomas, Worth, and Leonard streets. Today no one knows what the percentage is, but the guesses run considerably below 90%.

A lot of old businesses are gone,

many of them victims of mergers. And though there are always new names to take their places, the thing that really hurts is that some of the very biggest textile houses have packed up and moved out for good.

The list of giants that have moved uptown is impressive: Dan River Mills, Pacific Mills, Burlington Mills Corp., United Merchants & Manufacturers (formerly Cohn-Hall-Marx).

• **Biggest of All**—The blow that hit Worth Street hardest was the news that

Worth Street Is Also a Business

Taken in its broadest sense, Worth Street means the primary market for cotton and synthetic textiles. The selling house handles the first sale of goods by the mill—whether those goods are finished or "in the gray" (the state in which they leave the loom).



The man who works his eight-hour day on a lofty construction scaffold is noissy—

But he needn't be a daredevil! His faith—and his life—rest securely on the scaffolding underfoot. In his profession, dependable scaffolds are as elementary as brakes on a car.

Reason enough for WACO design experts to place special emphasis on the structural strength and rigidity of WACO Sectional Steel Scaffolding—the familiar red framework seen on construction jobs the world around. WACO engineers know that a man who works in safety produces a better job.

Wherever you see WACO's red scaffolding, you see a symbol of strength, stature and security.

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Scaffolding Equipment



Distributors in most U.S. and Canadian principal cities.

"... At the same time scores of mills closed..."

THE MARTS start on p. 84

huge J. P. Stevens & Co., biggest of them all (\$349.4-million volume last year), was going to move uptown in May to a new 16-story building on 41st St. and Broadway. That finally goaded the downtown textile people to man the barricades.

If you forget all the other firms that have moved out and just add up the volume done by these five big concerns, you can see what worries Worth Street. All told, the sales of these companies last year came to about \$1.2-billion. Granted that some of that was in wool goods, that's still a lot of cotton and synthetic textile volume that isn't going through the old channels.

It's hard for a lot of Worth Street people to realize that they no longer have the grip they once had on the textile business. The slogan of Worth Street, Inc., is a confident one: "Textile Center of the World." The statement is still true. But how long will it continue to be so?

• **Threat**—That boast is still true—in spite of the number of companies that have moved out of the old area. But the real question that haunts Worth Street is: Does the textile industry need a center any more?

In other words, the threat is not competition from another market or another geographical district. It is a change in the nature of the industry—a change that removes, to a large extent at least, the need for a centralized, unified marketplace to bring buyers and sellers together.

• **Customers**—Worth Street had its greatest day at a time when the cotton textile industry consisted of a vase number of producers, middle men, and buyers, each performing a single step in the manufacturing and marketing process. The main article that Worth Street dealt in was gray goods (unfinished cloth just as it comes off the looms).

With more and more of the mills finishing their goods themselves instead of selling them to intermediate processors, the need for a central market is lessening. The original producers of cloth are selling direct to the garment makers. And one perfectly logical result of this development is that the sales are taking place where the customers are. That means uptown, near the garment district.

I. Customers Were There

In the early days the customers were right on Worth Street. About the time of the Civil War the big wholesale

dry goods houses began to cluster around Worth Street. In those days of home sewing, they were the big buyers of cotton cloth. So it was natural for the sellers of cotton textiles to settle down nearby.

The sellers, some of whom had been import houses when cotton was largely an import business in this country, acted as agents for the hundreds of domestic mills. These houses are mistakenly referred to as commission houses, says the spokesman for Worth Street, the Assn. of Cotton Textile Merchants. This label dates back to the original relationship between mill and sales house: The Worth Street agent got paid on a commission basis for selling the mill's goods.

• **Diversified**—Eventually, the picture became a mixed one. A lot of houses took on more and more mills. Some added functions as well. Instead of just selling the goods of the mills, they became all-around marketing experts. They influenced the kind of goods made, guaranteed the accounts of buyers, collected bills, supplied the mills with working capital.

Because many houses now go so deeply into the mill picture, the Cotton Textile Merchants group suggests they be called either merchant or selling houses.

The selling houses no longer supply working capital, but otherwise they do function in much the manner described above. Many of them own mills themselves, as does Joshua L. Baily & Co. This 75-year-old selling house, like others on Worth Street, also represents other mills. Baily typifies the close relationship that sprang up between selling house and mill. Baily styles the goods turned out by the mills it represents and also lays out their production schedules.

• **Dry Goods**—While this mill-selling house relationship was settling into a pattern, one change after another shook the Worth Street system.

About the time of World War I the old wholesale dry goods houses began to disappear. They gave way to the ready-made garment industry and a new type of entrepreneur who catered to it, the converter. The converter is the man who takes the gray goods and has them dyed and finished for sale to the cutters who actually make the garments.

About the same time other major markets began to open up. The big chains and mail order houses bought directly from Worth Street. Industrial users of cotton cloth became important.

During the 1920s the manufacturing end of the business began to change. The South gained as a textile area, a lot of New England mills closed. This knocked out some of the old selling houses that had represented New England mills. At the same time



Photograph by Horan Murray

Do pictures ever "come to life"?

Perhaps not. But color has a magic way of making pictures and characters seem so real that they almost step right out of the page!

For the wonderfully true-to-life and colorful illustrations you see today—in magazines, books and other literature for both young and old—you can thank the printing industry. Cyanamid's Calco Chemical Division has also helped to make such printing achievements possible by developing better pigments for inks that assure true color reproduction in high speed printing processes.

Through years of research Calco has developed pigments to meet varied printing needs. And from Calco come many of the pigments used in printed textile fabrics, paints, plastics and colored papers that brighten your surroundings.



AMERICAN *Cyanamid* COMPANY

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Here is another example of how American Cyanamid Company serves you through many industries



Meet the Champion!

Blast Furnace "H" at Sparrows Point, Md., Breaks Own World Record in Pig Iron Production

In April, 1948, a new blast furnace was "lighted off" at Bethlehem's steel plant at Sparrows Point, Md., near Baltimore. This furnace became known to men at the plant as Furnace "H". Since the day it started up, Furnace "H" has been continuously at work, converting the iron ore, coke and limestone charged into its great 28-foot-diameter hearth into mol-

ten pig iron to be processed into steel.

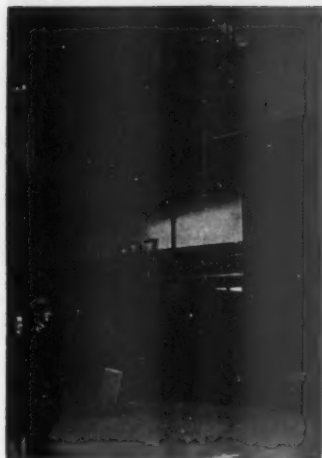
In August of last year Furnace "H" made a new world's record by turning out 55,835 tons of pig iron, more than any blast furnace had ever before produced in a single month. Later, it beat

its own world record with an output of 56,010 tons in one month.

In less than four years of continuous operation Furnace "H" has turned out a total of substantially more than two million tons of pig iron.

BETHLEHEM STEEL





1407 BROADWAY at 39th St. is headquarters for Dan River, other big mills.

scores of mills closed in the textile industry's long depression, which started well before the Great Depression of the 1930s. Other mills were swallowed up by big concerns in the beginnings of the trend towards integration. This rubbed out some more old selling names.

Worth Street shows the scars. The membership list of the Cotton Textile Merchants back in 1918-19 contained the names of 56 selling houses. Today more than half have disappeared completely. Another half dozen have new names as the result of mergers.

II. Integration Speeds Up

A good deal of this damage took place after World War II, when the process of integration speeded up considerably.

Integration is hardly new. It started years ago with towels first, then with sheets. For a long time mills have carried these products right through the whole process of production and have established brand identity at the retail level.

The shortages and price controls of World War II really lit a fire under integration. The mills wanted to grab as many of the along-the-way profits as possible. So they expanded vertically into other aspects of the business. At the other end of the line, converters and finishers wanted to insure themselves of a supply of material. So they expanded in the direction of the mills.

• **Effect of War**—Integration had gone a long way in other textile areas before the war, but chiefly at the spinning and weaving levels. Since the war integrated companies have been moving into Worth Street's territory,

Increase
25%
in Typing Production for Caterpillar Tractor Co.
with
Remington *Electri-economy* Typewriters



in their Engineering Department.



Electri-economy Typewriters at work in their Central Stenographic Pool.



for their Executive Secretaries

Like so many other essential industries playing an active part on both our home and freedom fronts, Caterpillar Tractor Co., of Peoria, Illinois realizes that it takes peak output in the office to achieve peak production in the plant. That's why they are using Remington Electri-economy Typewriters to boost typing production—save office costs—boost operator morale.

In their central stenographic department alone, recent job production tests—based on lines typed per eight-hour day—proved that Remington Electri-economy Typewriters have increased the typing output up to 25%.

Why not send for FREE color brochure, "Take A Letter" (RE 8499) which tells us all about the typing advantages of the Electri-economy. It's yours without obligation—address requests to Remington Rand Inc., Room 2430, 315 Fourth Avenue, New York 10, N. Y.

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THE FIRST NAME IN TYPEWRITERS



SUB-ZERO REPORT PROVES MINES CAN TAKE IT

Ever consider how you might use refrigeration in your own business?

Because Navy mines and torpedoes must be subject to brutal punishment... terrific shock... sudden extremes of temperature... the NOL (U.S. Naval Ordnance Laboratory) built a huge temperature-simulation testing chamber (pictured above) in which full-size mines and torpedoes are exposed to temperatures as low as -100°F., with any per cent of humidity desired.

Here tests are made to determine what happens to mines when they are dropped from speeding jet planes into the ocean... their reaction to freezing arctic winds... the effect of intense cold on delicate mechanisms housed within these modern tools of defense.

Low temperature testing and many other less dramatic uses of refrigeration are steadily increasing in importance to American industry. Every day firms take over defense contracts which specify that low temperature testing facilities are required. And the makers of refrigerating equipment quickly furnish the machines necessary for the purpose.

Why not review with your own engineers the production set-up in your plant? Consider how refrigeration

(and air conditioning, too) might profitably be put to use in your operations. And when selecting equipment... ask your engineers to choose machines charged with "Freon" refrigerants. These widely used refrigerants are safe... nonflammable, nonexplosive, virtually nontoxic. They contribute to the long life and dependable, economical operation of both large and small air conditioning and refrigerating systems. They protect your investment. E. I. du Pont de Nemours & Co. (Inc.), "Kinetic" Chemicals Division, Wilmington 98, Delaware.



Better Things for Better Living...through Chemistry



FREON

SAFE REFRIGERANTS

"Freon" is Du Pont's registered trade-mark for its fluorinated hydrocarbon refrigerants.



FINISHED GOODS business, now the chief concern of many houses, pulls them away from Worth St.

taking over both converting and finishing. C. T. Murchison, economic adviser to the American Cotton Manufacturers Institute, says that integration today "covers about two-thirds of the total industry output of finished piece goods."

This has had a lot of consequences for Worth Street and for the textile industry as a whole. For one thing, it has dried up to a large degree what Murchison calls the "great inland sea" of gray goods. Instead of selling gray goods from the mill, a number of integrated houses now absorb their own output, shepherd it through to the finished stage. Take Burlington Mills. Before 1947 it was one of the nation's major suppliers of gray goods. Today only 10% of its volume is in the gray goods.

• **Other Fibers**—Meanwhile, cotton and synthetic fibers began to intertwine. Synthetics are a major factor in some of the big textile houses now. Last year rayon accounted for 41% of J. P. Stevens' dollar volume. Cotton goods accounted for 36%, woolen goods 23%.

This gives the big integrated houses a double reason for wanting to be in the midtown area. That's where the silk and rayon district is. It's also the location of the garment district, the customer for finished goods.

III. The Garment Trade

In announcing its move to the midtown area, J. P. Stevens made this point: "The rigid walls that separated one segment of the textile industry from another are crumbling."

Specifically, it had in mind the blending of different fibers in today's fabrics and the frequent crossover of fibers

between men's and women's clothes. For this reason, and because it makes more finished goods than it used to, Stevens finds it better to be in close contact with the garment trades.

The Stevens move is not simply a matter of moving uptown. It is, in fact, rather complicated and shows how integration can affect Worth Street.

Stevens will pull not one but two selling houses from the Worth Street area when it moves into its new quarters.

One will come along in the process of consolidation. The new offices will pull together Stevens' currently scattered offices in Leonard Street (cotton), Empire State Building (wool), Broadway (rayon).

A second selling house will come loose as the result of Stevens' acquisition of a famous old sheet and pillowcase maker, Utica & Mohawk Cotton Mills, Inc. In picking up Utica, Stevens also acquired that company's selling agent, Taylor, Pinkham & Co. That's another house lost to Worth Street. When Stevens moves into 1460 Broadway, Taylor, Pinkham will go along.

• **Cramped Space**—There are other reasons than this for leaving Worth Street, of course. One is space. There aren't many new buildings in the area. In 1950, when Dan River Mills wanted more space, it had to move out of Worth Street.

There was the question of customers. During the war Dan River went into colored yarn fancy goods. That meant selling to the fashion trades. It is also making and selling more rayon.

Since the move uptown, more retailers and manufacturers have been dropping into its offices. Out-of-town buyers also drop in more often.

The out-of-town traffic is a factor to consider. Dan River's new offices at 1407 Broadway are much nearer to the railroad terminals than Worth Street is. Pacific Mills, which has also moved its rayon and cotton operations into 1407, likewise finds this an asset.

Burlington is still another textile house that has moved up to 1407 Broadway. Burlington's integration came just at the end of World War II; again Worth Street lost an old selling agent.

Burlington (its gross for the 1951 fiscal year ended Sept. 29 was \$310.1-million) acquired Cramerton Mills in 1946, then later took over that company's exclusive sales agent, Gayley & Lord.

• **Quick Service**—Finished goods sales to the garment trade were the chief reason Burlington went uptown. The garment business, it points out, very often needs quick service on enough material to make, say, a dozen dresses. It makes a difference if you're in mid-

Maintenance time
on these Asphalt
Tile Floors has been

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TWO-
THIRDS!**



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ASPHALT TILE PRESERVER
REDUCED MATERIAL COSTS 50%

That's what has happened the past two years on the office, plant hospital and cafeteria floors at the Seeger Refrigerator Company, St. Paul, Minnesota, World's Largest Exclusive Refrigerator Manufacturer.

Multi-Clean Asphalt Tile Preserver is applied to these busy floors only four times a year. Both new and old asphalt tile receive the treatment which restores and protects the natural beauty, color and lustre of the tile, *without waxing*. (Formerly, waxing was required 3 to 4 times a month.)

An occasional buffing with a Multi-Clean Floor Machine and No. 0 Multi-Clean Steel Wool Disc puts a long lasting, beautiful, anti-slip sheen on the floors. Daily dry sweeping and weekly damp mopping, both of which are more quickly accomplished because of the Multi-Clean treatment, complete this simplified, low cost maintenance by the Multi-Clean Method.

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The floor treatment used at Seeger's is only one application of the Multi-Clean Method. This is a proven three-way program for all types of floors. It includes (1) right materials for your floors (2) floor machines to reduce the labor and (3) detailed instructions for their proper use under various conditions in various industries

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NEW... Cohrlastic HEATING UNIT

FOR DE-ICING AIR-INTAKE DOORS ON B-36 HEAVY BOMBERS



Jet engine pod doors now electrically heated for positive opening and closing

HIS brand new electric heating pad is the work of Connecticut Hard Rubber engineers in cooperation with designers at Consolidated Vultee. It is suggestive of the new ways of applying heat to many parts of a plane operating in high altitudes.

The pad consists of resistance ribbon wire embedded in a specially developed silicone coated fiberglass with high dielectric strength (in excess of 2500 volts.) This is sandwiched between thin aluminum sheets that attach to the door assembly. The material is thin and lightweight, not over .050" in thickness. It

remains flexible and functions at temperatures as low as -100° and up to +500° F. Normal heat output at 400° F is 4 watts per square inch. Elements can be made with wattage ratings up to 15 watts per sq. in. operating on voltage up to 250 volts AC or DC.

Other aircraft uses include heaters for air-intake throats, helicopter blades, antenna masts, oil vent lines, in-flight refueling receptacles, camera doors, waste lines, actuators. Elements can be fabricated into a variety of shapes with single or compound curvatures. If you will outline your problem, we will carry on from there.

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VIKING PUMP COMPANY

Cedar Falls, Iowa

THE ORIGINAL "GEAR-WITHIN-A-GEAR" ROTARY PUMP

"... It also has an aura of the past ..."

THE MARTS start on p. 84

town rather than a long subway ride away downtown.

IV. Fine Old Flavor

There are still those, of course, who love Worth Street, swear by it, say it's just right for their business and they don't ever intend to leave.

Some big names are still downtown. The companies that helped organize Worth Street, Inc., show that. Here are a few of the more impressive names: Wellington Sears Co., Greenwood Mills, Iselin-Jefferson Co., Cannon Mills, Pepperell Mfg. Co., J. W. Valentine Co.

A lot of companies have hardheaded reasons for remaining where they are. Many textile concerns are still in the neighborhood; Worth Street is still particularly handy for sellers of fabrics for domestics, work clothes, and industrial uses.

• **Gray Goods**—A number of companies downtown still are heavily in the gray goods business. For them, Worth Street has a lot of attractions. They can keep tabs on the market. They can swap goods back and forth in the complex fashion of the business. One company, for instance, may buy gray goods from four or five competing houses, sell back gray goods later to some of those same houses.

There are still others who want to stay downtown because of sentimental reasons. It's a more leisurely place than uptown, some old-timers along Worth Street point out. It also has an aura of the past, which the selling houses (many of which own their own buildings) have been careful to keep in modernizing their premises.

• **Rulebook**—Others remember fondly its stature among U.S. businesses because of its age and its standards. They point to the famous Worth Street Rules, recognized throughout the country as the standard code of procedure and trade custom applicable to the sale of cotton textiles and allied lines. These rules govern the writing of contracts and give specifications for cottons and synthetics. They also set up arbitration machinery in case of disputes. These rules are so highly regarded that when the Society of the Textile Industry wanted to set up a code for the vinyl plastics it decided to base the code on the Worth Street model (BW-Jan. 5 '52, p. 64).

But one hardboiled textile man who has moved uptown laughed that off: "We've got the rulebook uptown, too—and we don't have that subway ride."

Autocar designs just what highway haulers have been looking for!



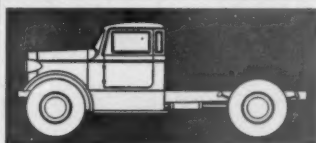
The 65-T... A heavy-duty tractor weighing less than 10,000 pounds!

This great new Autocar Tractor is aimed smack-dab at the 50,000 G.C.W. category—and it aims to give the 50,000 G.C.W. haulers an entirely different brand of performance... better average speeds, longer life, lower maintenance, and real Autocar dependability.

Ingenious redistribution of weight permits more payload under regulations on axle loadings, too. The set-back front axle carries most of the tractor weight, leaving only 3,770 pounds for the rear axle—a weight

reduction that makes a heavier payload possible.

The Autocar 65-T is the most advanced design in the industry. See it at your nearest Autocar Factory Branch today.



CONVENTIONAL FRONT AXLE throws weight of tractor back, carries only half of total tractor weight.



SET-BACK FRONT AXLE of new Autocar 65-T carries nearly $\frac{3}{4}$ of the weight of the tractor, frees rear axle to carry greater share of payload.

Autocar Trucks

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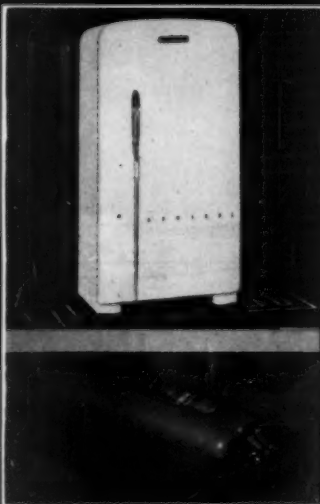
FASHIONS



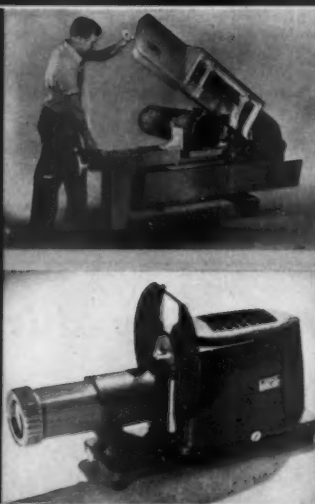
GEORGE WALKER, best known for 1949 Fords, branched out into such fields as . . .

HARLEY EARL styles cars as a GM veep, also has his own firm, which designed . . .

W. B. FORD works for Ford Motors, and a lot of other people. He did . . .



REFRIGERATORS (above) for Admiral and the Eureka vacuum cleaner.



BAND SAW (above) for Kalamazoo Tank & Silo Co. and the Argus projector.



NORGE range (above) and FoMoCo packaging for Ford.

Industrial Designers Find Lush Clove

Without ceremony, with its own businessmen scarcely noticing it, Detroit is becoming one of the nation's most influential centers in industrial design.

Before World War II industrial designing in Detroit was pretty well confined to one product: passenger cars. Today Detroit studios—many of them originally aimed at getting auto business that never came through—are styl-

ing everything from rubber boots and lift trucks to cameras and fountain pens.

• The Lure—Automobile design is glamorous; it rouses dreams of big fees and opulent living in designer minds. That's why many embryo artists in Detroit began to think in terms of planning new cars—and why many others came from outside to try their luck.

Mostly, their visions of independent

studios soon evaporated. The cold, hard fact is that selling a new model style is a high-level promotional job, done in rarefied executive atmosphere seldom entered by beginners, conquerable in any case only by top talent and expert salesmanship.

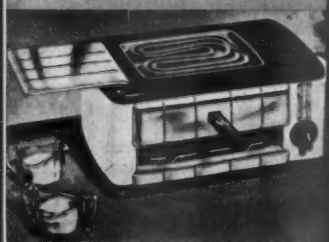
So most of the hopefuls gravitated into jobs in the styling departments of the automobile companies themselves—where most of the automotive



CARL REYNOLDS has Crosley auto account, but handles wide variety of products.



SUNDBERG & FERAR, only partnership among top Detroit designers, turned out...

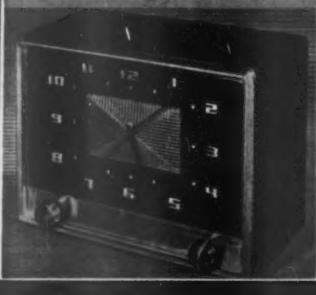


PREVIEW of 1947 car was drawn in 1942. Reynolds did Handy Chef for Moffat, Ltd.

in Detroit

job is actually done. Actually, a capable young man or woman could do much worse than getting into one of those spots.

A few pushed further. By one means or another they've opened studios, got their names into the public eye, sold their abilities to clients. Many were driven into new fields by the sheer need of getting more work than autos offered. Once started, some have



AIR COMPRESSOR (above) for the DeVilbiss Co., designed a clock for Sylvania Electric Products.

How to Increase
Machine Tool Output with

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Another example from Simmons' Casebook



Great Lakes Carbon boosts electrode production with rebuilt standard lathe...

Great Lakes Carbon needed a special lathe in a hurry—one big enough to handle carbon electrodes 10' by 35" diameter. They called on Simmons rebuilding engineers who converted a standard lathe into one which met their requirements. Here's how Simmons did it:

- The bed was lengthened from 18' to 24'.
- Lathe raised to give a swing over bed of 54" diameter.
- A pneumatically-operated 36" chuck built in on headstock.
- A motor driven rapid transverse was added for rapid positioning along the bed.
- Revolving steady rest was designed with a 38" I.D. clearance.
- A special carriage was provided with multiple tooling for boring, facing and internal threading.

Rebuilt from the Ground Up...

In addition, Simmons completely rebuilt the lathe: took it down to bare castings...cleaned it...replaced worn parts and refinished sliding surfaces.

Will Rebuilding Work for You?

It's easy to find out: simply send a list of your machines that might be rebuilt to meet new problems. We'll promptly quote prices and deliveries.

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Now get easy, fast folding of anything you mail. Eliminate slow, costly hand folding with the new A. B. Dick Folding Machine.

Learn in 5 minutes how to make all standard folds. Just use the Quick-Set Fold Chart. No measuring! No computing! Send coupon for details.

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"... When Detroit designers hunt clients, their siren song is the tinkling cash register ..."

DESIGNERS starts on p. 94

kept on growing till their establishments are of top size and quality.

• **Dollar Volume**—The Detroit stylists will tell you that in dollar value of products they handle they take a back seat to nobody. This is because they specialize, if not in autos, then in mass-produced goods. Products made to their designs are ground out in the thousands-per-day. If you add the dollar value of Fords styled by George Walker, of refrigerators and other appliances done nearby, of luxury goods designed around the corner, you get into the billions of dollars. That's a measure of design volume that might be hard to equal in any other city in the U.S.

• **At the Top**—Of the score of going designers in Detroit, five stand out. In size, there's not much to choose among them.

The head of one outfit, Harley Earl, actually has a dual identity: He's vice-president of styling for General Motors, supervising styling for the five-passenger car lines and other products; and he's head of his own studio with a weather eye on non-GM products as well.

His studio clients are both automotive and nonautomotive. A big one is U.S. Rubber Co., for which Harley Earl Corp. designs tires, boots, packaging, etc. Others are Bissell Carpet Sweeper Co., Argus, Inc. (cameras), Atlas Press Co., Tappan Stove Co., Clark Equipment Co. (lift trucks).

• **Advanced Model**—When Detroit thinks of auto design, it's at least as apt to think of George Walker as it is of Earl. Walker has served as consultant to several non-GM companies. Since the war he has been the consultant-developer of Ford Motor Co. designs—the advanced Ford design of 1949, the completely new Lincoln coming out in a few weeks, the importantly changed Mercury for 1952, and models in between.

Walker and his crew do a lot of work beyond automobiles. They're the stylists for Admiral TV receivers and refrigerators, Eureka Vacuum Cleaner Co., Metal Mouldings Corp., U.S. Radiator Corp. Just to prove his versatility, Walker recently did a handsome job of redoing—without fee—the interior of the Recess Club, top drawer luncheon establishment in Detroit's General Motors district of which he was president a year ago.

Among the top-flight outfits, Sund-

berg & Ferar is the only partnership. Both principals range far and wide in their activities. Some of their staff is constantly at work on Sears, Roebuck appliance designs. They also do work for International Business Machines Corp., Carrier Corp. (air-conditioning and refrigeration units), Sylvania Electric Products, Inc., Hercules Powder Co. (BW—Oct. 7 '50, p88), Bohn Aluminum & Brass Corp., Square D Co. Only the last two of these are Detroit companies.

• **Long List**—The W. B. Ford Design Corp. has an equally long but not so varied list of clients, and the automotive influence is more evident. This studio does some work for its namesake, Ford Motor Co. and for Rootes Auto Co. of England. It also lists Norge Div. of Borg-Warner Corp., Burroughs Adding Machine Co., Houdaille-Hershey Corp., Muskegon Piston Ring Co., Holley Carburetor Co., Parke, Davis & Co.

The last of the big five, Carl Reynolds, has one automotive account—a small one—Crosley Motors, Inc. Besides that, he does work for Moffats, Ltd., of Canada (electric ranges, heating apparatus), Brooks & Perkins (mostly military products), American Central Div. of Avco Mfg. Corp. (kitchen sinks, dishwashers, etc.), Bulldog Electric Products Co., Allen Electric & Equipment Co., and others. Only Bulldog is a Detroit company.

The Detroit designers search for business in the aggressive way that typifies their town—that's why their lists are so impressive. But on top of that, to an outside company, the fact that the firm is in Detroit carries with it some of the glamor of the automobile industry.

When a Walker, or an Earl, or a Sundberg-Ferar walks in to talk business, their prospects to some degree see them as representatives of the skills that make automobiles an exciting product year after year.

• **Will It Pay?**—Do the Detroit designers actually have an automotive touch, something that distinguishes their work from offices in New York or Chicago or the West Coast? Perhaps not. But the Detroiters can bring one attribute that others may not possess quite so keenly.

That attribute is the hard-boiled approach that autodom takes toward its output—a philosophy that permeates anyone working in Detroit. A design may be pretty, Detroit feels, but it must also be functional, and it must sell merchandise. Product designs coming out of Detroit clearly reflect that viewpoint. When Detroit designers hunt clients, their siren song is the tinkling cash register. And their expansion in the last half-dozen years proves that it's potent music.



Some must watch, some must sleep

You thought you were worried the day he choked on the piece of toast, when he cut his first tooth and fretted all night, the day he fell and bumped his head.

What of him if enemy bombers range overhead?

God willing, that day will never come. If it does, his best protection will be an invisible screen. You won't see it, but it will be there all right. It will be there day and night. Sky-searching, seeking out unfriendly approachers to this shore, warning us in time for them to be destroyed. *Radar.*

The people who make radar are, in peacetime, makers of television sets, radios, communications equipment. They have taken advantage of the unique properties of beryllium copper—its combination of strength and conductivity, its marvelous

spring properties, its ready formability—to make their products better and cheaper. They are finding even greater use for beryllium copper in the devices that are essential to our defense.

If you are planning for the future, you will want to take advantage of the know-how of the world's largest producer of beryllium copper. We invite you to call or write any of the offices listed below. Berylco engineers are now working hand in hand with many of the nation's largest manufacturers. They will be glad to work with you, too.

VALUABLE ENGINEERING INFORMATION on Berylco beryllium copper is compiled in a series of monthly technical bulletins. To make sure your design engineers get their copies regularly, drop us a note on your business letterhead.

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**TOMORROW'S
PRODUCTS
ARE PLANNED
TODAY—
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STOP JARS AND JOLTS
from damaging
your products...

USE THESE NEW
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WRAP PROTECTORS



This **FREE** booklet
Tells you how!



It fully describes industry's newest, low cost
flexible cushion protective wrap materials...

SOF-RAP

A completely flexible multi-wall wrinkled cushion material that provides stretch and permits "slippage"... safeguarding against abrasion damage from friction and chafing. Soft, resilient inner cushion is strip-laminated to a tough, durable protective outer-wrap that resists tears and punctures — ideal for exterior-interior packaging. SOF-RAP conforms to any shape.

Krepak...

A durable, tough, single-ply wrinkled interior wrap of blanket-like softness. Protects against shock and vibration—prevents surface marks and scratches—provides absorption and insulation. KREPAK conforms to any shape without tear or breakage no matter how irregular the shape.

Write for this booklet today.



PROBLEMS



PROBLEM: Traffic pile-ups like this.
Half of it through traffic.



SOLUTION: Take traffic over and
under business streets.

Seattle Builds Its Way Out of a

Every day more Americans are coming to the city to work and live (three-fifths of the nation lives in cities today; only one-seventh did a hundred years ago). As a result, many cities, both big and small, are suffering from a common ailment: too much traffic and not enough elbowroom. Tie-ups are snarling business as well as tempers.

• **Break It Up**—Seattle is no exception. But its growing pains are especially acute because of a peculiar geographic feature that prevents it from spreading the jam where it's thickest. So what Seattle did was to lift the traffic right off the streets.

Well on the way is construction on a \$10-million highway viaduct and tunnel system that should break the midtown bottleneck. It will take north-south traffic above and below the city, completely bypassing the business district.

• **Pinched In**—The new thoroughway should do the same thing for Seattle that the east and west side elevated highway system does for New York City. For surveys showed that 50% of the cars that tie up Seattle's downtown streets are through traffic. The reason is that Seattle has an hour-glass figure. The business district is in the middle,



DOUBLE DECKER with three lanes each going south and north will take passenger cars and trucks directly through the city, as . . .

of a Traffic Maze

pinched between the harbor on the west and a steep hillside on the east. The narrow passage divides the industrial part of the city in the south from the residential section in the north, where about two-thirds of Seattle's dwellers hang their hats. As a result traffic clogs up the business area, especially during morning and evening rush hours.

When the new thoroughway is finished, it will pick traffic up off the streets of the industrial south end, hustle cars and trucks over a double-deck viaduct along the waterfront, then carry the flow underground for a half-

mile or so, to connect with the main northbound artery. The viaduct—three lanes wide in each direction—whisks the traffic above the railroad freight lines and trucks serving the wharves.

• **End in Sight**—The viaduct won't be finished until the end of 1952. But the city will start using it piecemeal, as soon as sections are completed. The tunnel part of the project hasn't been started yet: The city and the U.S. Bureau of Public Roads are working out final details.

Seattle itself is putting up the biggest chunk of the cash, but it's getting financial help from federal and state funds. Roughly 48% of the cost will come out of the city's coffer, 41% from the federal government, and 11% from the state.



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THE STORM did heavy damage to private property in some areas, but—with the exception of railroads snowbound in the Sierras—most industrial companies were only lightly hurt. This seems to be the picture, as . . .

California Looks Over the Damage

Californians this week were busy surveying their soggy landscape, adding up the damage that their record-breaking series of storms had done. Surprisingly, with the excitement over, the damage wasn't half so bad as had been expected.

Roads and private homes suffered more than anything else. Some towns in the San Francisco Bay area and in the San Fernando Valley were flooded with water or mud—but in many of these cases, local opinion blames slipshod drainage maintenance and half-hearted flood control rather than the storm itself.

• **Industries Escape**—Industry got by practically without a scratch. By far the hardest hit were the railroads across the Sierras. It was up there that Southern Pacific's now-famous streamliner City of San Francisco got stuck in the snow and came up the biggest storm story of all.

• **San Fernando**—With understandable modesty, San Franciscans say that Los Angeles had the worst time of it—and vice versa. Actually, the score was just about even.

Van Nuys, a suburb of Los Angeles in the San Fernando Valley, was hardest hit. Most of the 250 stores and business houses along a mile-and-a-half stretch of the Van Nuys Boulevard suffered mud and water damage. All of

them had four to six inches of mud silt on their floors. Those that had merchandise stored in basements lost heavily. And what makes it worse, the majority of these losses are not covered by insurance.

• **Private Homes**—Houses built on hills and houses in low-lying tracts between Los Angeles and Long Beach took the worst drubbing in the Los Angeles area. In the case of the hill houses, mud slides shifted foundations, half buried the houses, and in many cases toppled them over. Several thousand people were evacuated from flooded homes in the low areas. According to a Los Angeles councilman, these low-lying houses might have suffered less if city and county officials hadn't been careless about maintaining natural drains and watersheds and if storm drains and retaining walls had been provided.

Big industry itself was practically unscathed. Some plants had to close for a few days because of flooded roads, but that was about all. Pacific Telephone & Telegraph Co. had fewer than 300 cases of cable difficulties, and only 4,700 phones out of 2-million were put out of order.

The county estimates it will cost about \$350,000 to repair roads and bridges and clean up the mess. Los Angeles city estimates about \$250,000

for repairs and \$1-million for cleanup.

• **San Francisco**—The story was much the same in San Francisco. As in the case of Los Angeles, much of what damage was done was blamed on inadequate drainage.

Hillside homes ran into mud trouble, too, but on a much smaller scale than in Los Angeles. Only one was toppled over.

• **The Mountains**—Railroads in the Sierras took the brunt of the storm. Other than that, the storm did little damage in the mountains, except to maroon a few skiers. In fact, at least one company found the storm a boon:

Pacific Gas & Electric Co. relies heavily on snow in the mountains to fill its 131 lakes and reservoirs. As it melts, the snow cover should keep the reservoirs full through the dry summer. Without a heavy snow, or if unseasonably warm weather melts the snow too early, PG&E finds itself coming into July without enough water to operate its 58 hydroplants. This means it has to run its steam-generating plants—using oil at \$1.80 a barrel. Thus, the recent big snow may have saved the company a lot of money.

Also on the credit side of the ledger is the addition the storm made to California's water supply. If the snow melts evenly next summer, farmers will have all the water they need.

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... according to these percentages of the stores queried

DOLLAR VOLUME	UNIT VOLUME	PRE-TAX PROFIT
40%	16%	13%
29	28	13
12	23	14
19	33	60

Courtesy NRDGA

1952 Should Be Better for Profits

Still counting their bruises of 1951, retailers look into 1952 and say, "This year profits will be better."

They're not shouting it. For when they say better, all they really mean is better than 1951. And they're calling 1951 brutal—much worse than either 1950 or 1949. But last year's disappointment will stand them in good stead. It's made them a wiser, if sadder, lot than they were. This time they know what the problems are, they're ready to battle some of them.

• **The Culprits**—Of all the troubles that ganged up on retailing last year, three dealt the sharpest blows:

- Overloaded inventories.
- Rising expenses.
- Consumers who wouldn't consume.

The strategy for the coming year is to shoot straight at those three targets. Retailers have every chance of scoring on the inventory problem. They can do something about expenses. And though the consumer is more elusive game, they think they can catch him, too.

• **Remains to Be Seen**—Just how hard this triple threat hit profits in 1951 won't be known for some months—not until the big department and specialty stores hand in their returns for the fiscal year (it ends Jan. 31 for most big stores). But the table above, prepared for a survey by National Retail Dry Goods Assn., shows about where more than 400 department, specialty, and chain stores think they stand. While 69% think dollar volume was higher last year than in 1950, not quite half think unit sales gained.

Commerce Dept. last week came out with some definite figures on a 12-month basis. They show that for all retailing, sales for the 12 months ended Dec. 31, 1951, were 5% ahead of the previous 12 months. This is a better showing than the department stores made: their sales were only 3% ahead of 1950.

On the all-important question of profits, 60% of the retailers estimated that they did worse in 1951 than in 1950, even though sales volume did go up some. For the first nine months, we can be more exact. NRDGA's Controllers' Congress surveyed some 233 department and specialty stores with volume of more than \$1-million. These stores reported a 50% drop in net profit after taxes from the same 1950 period. As a percent of gross sales, net dropped to 1.4% from 2.9% in 1950.

• **Turning the Tide**—Retailers have already made a dent in their inventory problems. By November, 1951—the latest date for which figures are available—total retail inventories, seasonally adjusted, stood at \$18.4-billion. That was still \$1-billion higher than a year ago, but it's a notable decline from the May, 1951, peak of \$20.6-billion (at the end of June, 1950, they were \$15.6-billion). The score of some 230 leading department stores for November was better yet (BW—Jan. 26 '52, p147): that month they dipped below the previous year's level.

What those bulging stocks did to profits is an old story now. Merchants whacked off prices ruthlessly to get the goods off the shelf. It was a costly busi-

ness, but it is apparently doing the trick. And it's going to take a lot of talk to persuade retailers to repeat the heavy buying. They are talking now of trimming inventories 10% lower this spring than last.

• **Tough Customer**—Some economists think that the unpredictable consumer is going to be the toughest problem of all. His resistance to sales blandishments last year—after the fateful buying spree of January and February—was a second major factor in bringing on the flood of markdowns.

His mulishness had another important effect. Because he wouldn't buy, retailers didn't dare price their goods at a level that would bring big profits. Markons were low. A poll of 272 NRDGA members last November indicated that more stores showed decrease in markons than increase, in their reports to OPS.

• **Conjecture**—This year the consumer should do better by his storekeeper; sales volume should go up. Dr. Malcolm McNair of the Harvard Business School estimates that sales for first half of 1952 may go 3% to 5% ahead of the 1951 season. Some estimates are as high as 10%.

The big reason is that the continuing garrison state means a continuing upswing in income. It's true that unemployment is affecting certain areas—notably Detroit. But unemployment should level off this year.

• **Spend or Save?**—The trouble with this argument, say the skeptics, is that people had bigger incomes last year than the year before. How do we know that customers won't do just what they

Free enterprise at work

An example of how a new machine tool opened up new fields for a Southern manufacturer

TO A SMALL BUSINESS in Columbus, Georgia, the term "Free Enterprise" is anything but an empty phrase.

The Goldens' Foundry & Machine Company had been machining a low profit item solely as a service to their customers. Their management had almost decided to discontinue this item when they heard of a new machine tool that would produce the job

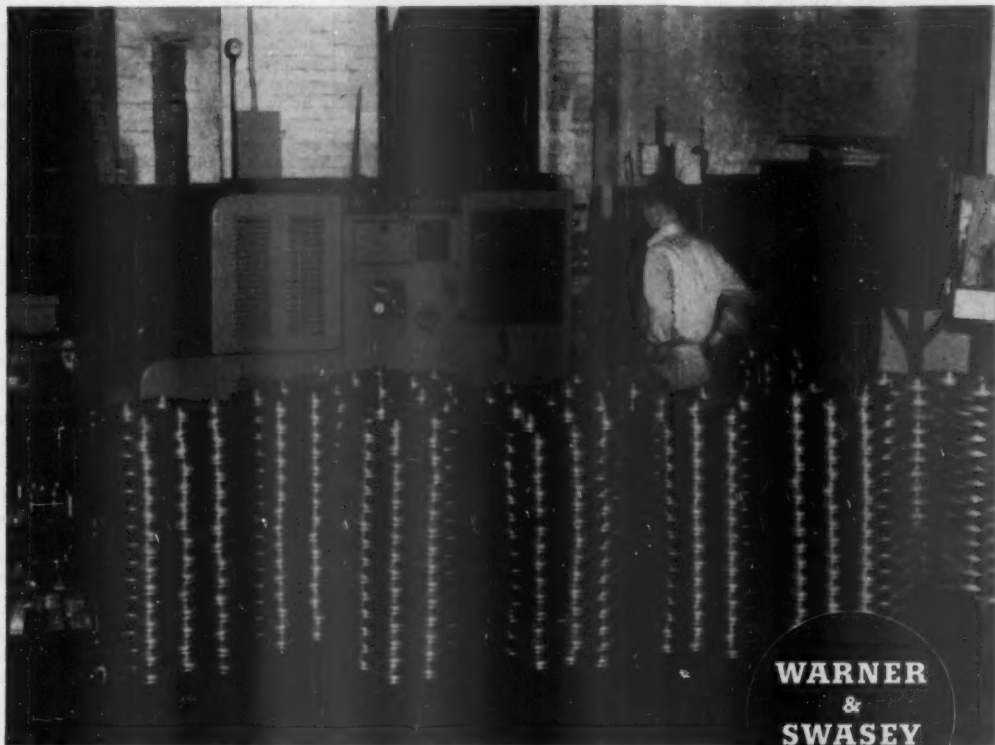
with a great deal more efficiency. So they dug into savings and bought the machine—a Warner & Swasey 1-AC Single Spindle Chucking Automatic.

The 1-AC greatly increased production at once—with accuracies of .0006" on important boring operations! This performance record of the new machine made it possible for Goldens' to bid on a big job for their shop—an 8000-

piece run of high priority pulleys requiring short delivery. They produced the job quickly—then went on to handle more work than ever before.

Everybody has benefited. Customers are even more satisfied . . . operators like the ease of operation . . . investors are realizing new profits. And more work and more machines are in Goldens' future.

That's the story. But it's not an unusual one. They happen every day in work shops all over the country—continuing examples of how Free Enterprise really works!



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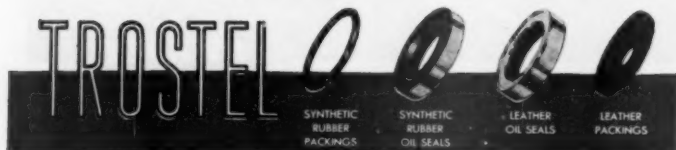


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"... We have to become merchants and not order takers..."

MARKETING starts on p. 102

did last year—sock a good part of their incomes away in the bank?

The answer, of course, is that we don't know. And it's possible, now that the government is stretching the defense program out over more years, that the income rises won't be so sharp as they are supposed to be.

• **More Money to Spend**—If the consumer steps up his present rate of saving—about 10% of his disposable income (BW—Nov. 3 '51, p19)—then the retailers' hopes for greater sales volume may well go down the drain. But if he keeps at the 10% rate and his income keeps rising, there will be more money for spending as well as for saving. And there's a better than even chance that the rate of savings is going to drop somewhat.

For one thing, some of the money last year was going to pay off the bills that followed the post-Korea buying sprees. As these bills are met, the spending money will grow again. Another point is that much of the savings are in bank accounts. At the first sign of scare buying or the first hint that prices are really heading up, the savings are ready to be tapped.

Merchants intend to give customers every encouragement to spend. Predictions generally are that prices will remain fairly stable; they'll go up some, but not startlingly. And last year's experience suggests that many people were quite willing to spend money if the prices seemed right. Some industries—furniture, for one (BW—Jan. 19 '52, p143)—show definite signs of holding or even cutting prices and of offering more quality for the money.

• **Not an Easy Mark**—No one expects that the customer is going to be a push-over, however. All down the line the signs are out: It's still a buyer's market. Q. Forrest Walker, economist for R. H. Macy, sums it up: "We have to become merchants and not order takers."

Neither are the prospects alike for all lines. The beleaguered soft goods field (BW—Jan. 26 '52, p19) stands to gain the most. That's because the buying spree after Korea concentrated mainly on the hard goods. So those in soft goods fields feel their turn is coming. Then, too, whatever shortages develop will come in the hard goods line. This prospect appeals particularly to the department stores, where soft goods account for from 60% to 75% of sales.

• **On the Rise**—The problem of rising expenses promises to continue to be a bugaboo. There's no apparent relief

in sight on some of the cost items. Retailers face stiff competition in labor from defense industries, where pay scales are generally higher. If the payroll has to go up—as seems likely—it will pinch; the payroll now accounts for some 50% of retailing expenses. Such items as advertising, packaging, transportation all seem headed inevitably up.

• **Wide Open**—That leaves one field where the retailer can hope to accomplish something: in merchandising operations. And judging from the comments at the NRDCA meeting last month, they are tackling this problem with all the ingenuity they possess.

Service frills will be cut to a minimum. There will be more stress on supermarket techniques wherever they can be applied. Store improvements will be kept to a minimum. And though OPS has warned that a retailer may not curtail services without cutting his ceilings, big stores are gently urging customers to carry parcels.

• **Forewarned**—On this point, McNair stresses, the retailer has one advantage. Last year it was May or June before he knew what had hit him. This year he knows what he is up against. There's some hope that he'll be able to make his operating savings count.

Not all types of retailing agree. In the auto accessories line, the outlook for profits in 1952 looks about the

same as last year. Sales increases won't be enough to offset the higher cost of labor; the percentage of gross profits is expected to shrink.

• **Hopeful**—Variety stores, on the other hand, talk more cheerfully. They gained less from the buying spree, suffered less from its aftermath. Sales figures for the year 1951 are already in for several of the big companies. They range from 5% to 8.4% ahead of 1950.

Even the hard-hit food stores (BW—Jan. 26 '52, p156) have hopes. Analysts are saying cautiously that the net will hold up well in early 1952—thanks to higher incomes.

• **Uneasy**—Uncle Sam's hand is heavy on the retailer as on all industry. Taxes were and will be a big item in dragging earnings down; they also slow up consumer spending. OPS ceilings are another retailing grievance. But since many items were below the ceilings last year, it's hard to see that they were a major factor. Nevertheless, it's plain that they haven't worked the way OPS said they would; the agency predicted that, as in World War II, what the retailer lost on high markons he would make up in higher volume of sales.

As the January department and specialty store sales come in, hope grows stronger. Sure, for the four weeks ended Jan. 19, they were 10% below the same period of 1951. But they were 17% ahead of the 1950 figure.



Food-O-Mat Shelves Go Wholesale, Too

Food-O-Mat units—the tilted shelves that you load from behind—have been selling groceries since 1947 (BW—Jul. 28 '51, p52). Now they have broken into wholesaling. Nestle-LeMur Co., New York cosmetics manufacturer, worked with Food-O-Mat Corp. to adapt the units for use in its

Bronx warehouse. Joseph Lindemann, Nestle-LeMur boss, says the unit saved 75% of floor space, cut the time needed to pick up orders 40%. Since the fixture is gravity-fed from the rear, and orders are picked up from the front, the merchandise rotates automatically, preventing deterioration.

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SUPERMARKET in Europe is no twin of U. S. grand-scale counterpart. Nevertheless . . .

Self-Service Goes Abroad

Supermarkets may not be going over with a bang, as they did in the U.S. But self-service is winning converts among Europe's shopkeepers and customers.

A self-service grocery in Germany recently closed only two weeks after it opened. The reason: Workers were stealing too much food.

For this and other, less extreme reasons, the would-be supermarket man in Europe today treads cautiously on entering self-service grounds. Most European self-service units are still small, experimental ones. But the slick American invention has its foot in the door and is gradually shouldering its way into the European retailing setup.

• **Hard to Beat**—In any event, the self-service scheme would have to go some to make as flashy an entrance as it did in the U.S. To qualify as a supermarket nowadays in the U.S., says Super Market Institute, Inc., a market has to be a complete, departmentalized food store, with at least the grocery department fully self-served, and with a minimum sales volume of \$500,000 a year. By those grand-scale standards, there are probably only one or two honest-to-goodness supermarkets in the whole of Europe.

One thing that's holding up the scheme is an obstacle U.S. merchants didn't have to hurdle—Old World conservatism. Even today, says M. M. Zimmerman, editor-publisher of *Super Market Merchandising*, "Many persons in Europe still believe that what was good enough for their fathers and grandfathers is good enough for them."

Even so, after a recent nine-week European tour, Zimmerman reports that self-service in Europe is "making progress" in several countries.

• **Getting in Step**—Self-service ventures are spreading fastest in Sweden and Switzerland. Sweden's powerful consumer cooperative took to the scheme with gusto. In most stores built in the past four years, the housewife helps herself, and there's a big conversion program for old stores. Now private chains are interested, too.

In Switzerland, merchant-wonder Gottlieb Duttweiler (BW—Aug. 25 '51, p116) did the pioneering. Today self-service units account for 40% of his company's total volume. A growing number of Swiss cooperatives and chain stores are falling in line. In France, Belgium, and Denmark, one or two chains are experimenting.

• **A Sample**—The best example of how the new retail approach is working out in the Old World is found in Britain where, *BUSINESS WEEK* correspondents report, the self-service idea has made a lot of headway. Almost all of Britain's close to 1,000 self-service groceries are converted from established shops, since it's all but impossible to get a building license.

Municipal and regional cooperative societies did most of the pioneering. The co-op groceries, which serve about 26% of the population, turned to self-



Billion Dollar Meal Ticket

YOU'D probably be startled to read a full report on this nation's annual crop losses due to insect pests. Corn borers alone, for example, destroyed over \$100,000,000 worth of corn in a single year. The nation's total loss to insects—and it's a loss that's felt right down to your dinner table—is estimated at between three and five billion dollars for last year!

But there is a brighter side to the picture: This great plunder of the nation's larder is being steadily reduced each year, thanks to the chemical insecticides, weed killers and brush killers that are constantly being developed and improved for the American farmer. With just a few pounds of these amazing

chemicals, he can free an entire acre of destructive insects or weeds . . . safely, quickly and inexpensively.

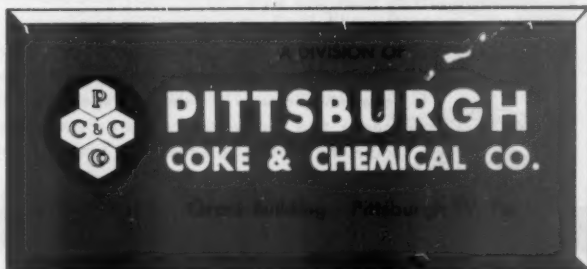
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service during World War II, to keep from losing customers when staffs were short. Now they run about 800 self-service groceries—blocks ahead of the independent and chain grocers.

British converts claim turnover has zoomed as much as 50%-70%. Customers think it's a fine idea; their enthusiasm has far outpaced retailers' ability to make the switch.

• **Not the Same**—But even in Britain, don't expect to find anything that looks like our supermarket. The British version is considerably watered down. A good many have a selling space of less than 400 sq. ft., as against about 10,000 sq. ft. for an average U.S. supermarket. Also, they carry a much smaller variety—mostly canned and packaged goods.

That's partly the result of rationing. It also reflects the traditional split between butcher, greengrocer, grocer, and dairyman in Britain. The fiercely independent tradesmen can't swallow the thought of subordinating their traditional calling to the impersonal mechanism of a big supermarket. They claim they don't want to lose personal contact with customers, fear pilfering.

• **Stuck With It**—The self-service proprietor in Britain faces still another vastly different problem from his U.S. counterpart. His efforts are stymied by a medieval system that governs the wholesale fresh food trade. Virtually all fresh fruits, vegetables, fish, and meat have to pass through London whether they are sold ultimately in Edinburgh or Bristol. The co-ops, however, manage to bypass London by providing a good part of their fresh produce from their own sources.

The costs added by all this transportation leave neither the independent greengrocer nor the bigger chains enough margin to grade, wash, and package their wares: It's gobbled up by the middlemen. Until this labyrinth is eliminated, self-service in Britain can never approach the U.S. scale.

• **Not Alone**—Besides the obstacles inherent in his own country, the British grocer with an eye to innovation has these stumbling blocks in common with all his European neighbors:

• The European family rarely owns a car or an electric refrigerator—the two items that make it possible for American housewives to cart away, and store, large amounts of food at a time.

• In Europe, fewer married women work than in the U.S. They have more time, and inclination, for small but frequent shopping trips.

• Most European cities and towns are less spread out than American ones. There are more clusters of convenient neighborhood stores, less need for shopping centers.

• Prepackaging and food-process-

ing techniques, important to the smooth functioning of self-service operations, lag behind those of the U. S. Frozen foods aren't a big thing because of lack of refrigeration facilities. Most European customers would rather get more bulk food for the money than pay for sanitary packaging.

Aside from these basic drawbacks, there's another big problem: Dollar shortages and government restrictions make it difficult for European merchants to get equipment needed to set up self-service schemes. As a matter of fact, Zimmerman points out, in Europe's crowded cities it's almost impossible to get even a site for a large store.

MARKETING BRIEFS

Restaurant sales are lagging seriously behind last year. So Childs (which ended

1951 in the red) is trying to lure customers with a new twist. It offers a daily special at the 1939 price. The New York restaurants pioneered the experiment early last month; the idea has been extended to out-of-town restaurants since. Childs says it makes "very little" profit on the daily specials, but it hopes that they will increase volume. First week results looked good: Receipts were up around 10%.

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The retail population continued its decline last year. The 1951 figure issued by the Dept. of Commerce was 1,676,800 firms in operation as against 1,685,900 the year before. High point for retailing was 1948, when 1,709,900 firms were in being. Wholesaling, on the other hand, continues to climb. The 203,200 firms operating in 1950 increased to 206,600 in 1951—a new high.

Gasoline price wars: Add a new trouble spot—Detroit. It's having its first price war in more than a decade. The touch-off was Sun Oil's 1¢ reduction per gal. And in New Jersey, where gas prices were down to 15.9¢ a gal., another statewide strike of retail gas dealers looked likely. The independent gas dealers want Gov. Alfred Driscoll to come through with a legal floor for gasoline prices.



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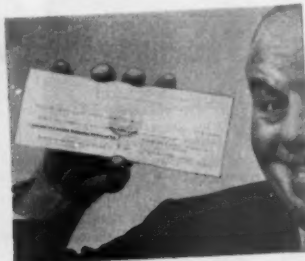
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Competition, Taxes May Lift

The next few days may open a new era for the thrift business in New York State. The savings banks, savings and loan associations, and those commercial banks that go after thrift accounts are waiting to get the word from the New York banking board.

On Feb. 6 the board will decide whether or not to boost the maximum dividend that mutual savings banks are allowed to pay on savings accounts and the maximum interest rate commercial banks can pay on their thrift accounts. Since 1935 the ceiling has been 2%. Now it seems pretty certain that the rate will go up, perhaps as high as the 24% that savings bankers have requested.

• **Wider Discretion**—William A. Lyon, state superintendent of banks, has hinted very strongly that the banking board would O.K. a boost in the 2% ceiling. "You may wish to take into your thinking," he told the midwinter meeting of the New York State Bankers Assn., "the possibility that New York State may . . . restore to all banks of deposit a larger degree of discretion in dealing with deposit rates."

That's of considerable interest to New York State savings and loan people, and to those elsewhere who actively compete with savings banks and commercial banks for thrift money (pictures, above).

It's pretty certain that some of the New York associations that now pay 2% will boost their dividend rates, if the savings banks do.

The savings and loan associations often pay more than the savings banks. Ceiling rates of state-chartered associations start at 3% on savings shares, the most popular type. They go as high as 5% on other types. Federal-chartered associations have no ceiling on the dividends they can pay.

• **Barometer**—In Buffalo, where New York State rate changes often start, you can already see signs of the coming battle. Buffalo savings banks were the first in the state to boost their dividend rates to 2%, about four years back. Last fall the bigger commercial banks in Buffalo started paying 2% interest on thrift accounts (BW—Sep. 29/51, p131).

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the Lid on N. Y. Thrift Rates

associations in the Buffalo area have boosted their dividend rates on shares from 2% to 2½%. A couple of other savings and loan outfits have also boosted rates a bit in the last few months. Most are waiting to see what happens to their earnings and what the banking board will decide on rates for their competitors. One savings and loan executive says: "Our going rate now is 2½%. What it may be later, I can't say."

• **Two-Way Squeeze**—In the competition for thrift business, the savings banks are caught in a two-way squeeze. They have the savings and loan associations on one side and the commercial banks on the other.

The savings bankers expect that in normal times many savings and loan outfits will be paying a higher rate than they do. In turn, they expect to offer a better rate than the commercial banks pay on thrift accounts. What spurred them to ask for a rate boost last fall was the fact that some commercial banks were going to 2%.

• **Income Tax**—Since then, something else has happened that makes savings

banks want to pay higher dividends. That's the extension of federal income tax to savings banks and savings and loan associations (BW—Dec. 1 '51, p. 124).

Since there is no tax on earnings paid out in dividends, the law puts pressure on savings banks to go over 2%. The law doesn't put so much heat on the savings and loan associations, because it provides an escape hatch that most S&Ls can use though most savings banks can't.

• **Reserves**—This is the provision for bad-debt reserve. Both types of institution can deduct funds from annual income, tax-free, to build up this reserve. The limit is reached when total surplus accounts (surplus, undivided profits, and reserves) equal 12% of total deposits or withdrawable accounts. Most U.S. savings banks are already close to or over this 12% and may find they are even higher after the Bureau of Internal Revenue defines how they must value assets for tax purposes. For the savings and loans, the national average at the end of 1950, the latest available figure, was only 8.8%.

This is one good reason why New

STOP

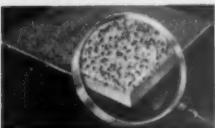
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"... savings banks will still get tough competition for thrift money ..."

FINANCE starts on p. 110

York savings and loan associations that already pay 2½% and 3% may not boost their rates any higher, unless earnings justify it. Also, many associations will want to build up their reserves.

• **Low Ratio**—A few months ago some of the state-chartered associations got a sharp warning from the New York banking department (BW—Sep. 22 '51, p152). Edward H. Leete, deputy superintendent, said he was worried by the number of associations whose surplus ratio (ratio of surplus funds to share liabilities) was falling below 5%. He also noted, as of last June 30, that 73 out of 163 institutions were not sufficiently liquid to satisfy the department.

Even if savings banks are allowed to boost rates to 2½%, those banks that do so will still get tough competition for thrift money. Many savings and loan outfits in the state will pay comparable or higher dividends on shares.

• **Earning Rates**—To understand why commercial banks, savings banks, and savings and loan institutions pay different rates on thrift money, you have to understand some fundamental differences between them.

Most of the deposits of a commercial bank, as a general rule, are payable on demand. Therefore, the bank can't afford to tie up a large proportion of its assets in long-term mortgage loans, the kind of loan that yields the highest returns. So it makes most of its loans for shorter terms. And it keeps some of its assets in such relatively liquid—but also relatively low-yielding—forms as government securities and other bonds.

Legally all the deposits of a savings bank are time deposits. In practice, banks pay depositors on demand, but they are legally entitled (in New York) to make depositors wait 60 days for their money. Anyhow, people are a lot slower at drawing money out of their savings accounts than from checking accounts. So savings banks can afford to tie up a higher proportion of their assets in long-term mortgages.

Money put into savings and loan associations is, legally, not in the form of deposits but shares. Though in practice the associations will give shareholders their money back on demand, they are not required to liquidate assets in order to pay. Under certain circumstances, they need only use cash receipts. If there isn't enough cash coming in to pay off shareholders who want out, the shareholders must wait.

That gives the savings and loan people more investment leeway than

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New Issue

January 23, 1952

Interest exempt, in the opinion of bond counsel to the Authority and of counsel to the Underwriters, under the existing statute and court decisions from Federal income taxes, and by virtue of the Triborough Bridge and Tunnel Authority Act from New York State income taxes.

\$215,000,000

Triborough Bridge and Tunnel Authority

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(Maturing semi-annually 1957 to 1969, both inclusive)

Of these \$215,000,000 Bonds, \$159,000,000 Bonds, consisting of the respective principal amounts and maturities shown in the following table, are being purchased from the Authority by the Underwriters and are being offered by them at the prices shown in the table. The remaining \$56,000,000 Bonds are being purchased from the Authority by certain banks and are not included in the Bonds being offered by the Underwriters.

Prices as shown below plus accrued interest from January 1, 1952

Principal Amount	Due Date	Interest Rate	Price to Yield to Maturity	Principal Amount	Due Date	Interest Rate	Price to Yield to Maturity
\$3,235,000	July 1, 1957	1½%	1.45%	\$7,285,000	Jan. 1, 1964	2%	2.00%
3,325,000	Jan. 1, 1958	1½	1.50	7,760,000	July 1, 1964	2	2.00
3,275,000	July 1, 1958	1½	1.55	7,835,000	Jan. 1, 1965	2½	2.05
3,450,000	Jan. 1, 1959	1½	1.60	7,910,000	July 1, 1965	2½	2.05
3,400,000	July 1, 1959	1½	1.65	8,010,000	Jan. 1, 1966	2½	2.10
3,850,000	Jan. 1, 1960	1½	1.70	8,085,000	July 1, 1966	2½	2.10
3,625,000	July 1, 1960	1½	1.75	8,185,000	Jan. 1, 1967	2½	2.125
4,860,000	Jan. 1, 1961	1½	1.80	8,260,000	July 1, 1967	2½	2.125
4,810,000	July 1, 1961	1½	1.85	8,360,000	Jan. 1, 1968	2½	2.15
2,985,000	Jan. 1, 1962	1½	1.90	8,435,000	July 1, 1968	2½	2.15
5,360,000	July 1, 1962	2	1.90	6,535,000	Jan. 1, 1969	2½	2.20
2,310,000	Jan. 1, 1963	2	1.95	20,910,000	July 1, 1969	2½	2.20
6,885,000	July 1, 1963	2	1.95				

Copies of the Circular dated January 22, 1952, which contains further information, including the Official Statement of the Authority, may be obtained from such of the undersigned (who are among the Underwriters) as may legally offer these securities under applicable securities laws.

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Drexel & Co.	Hemphill, Noyes, Graham, Parsons & Co.	Merrill Lynch, Pierce, Fenner & Beane	Phelps, Fenn & Co.		
Salomon Bros. & Hutzler	Shields & Company	Barr Brothers & Co.	A. C. Allen and Company Incorporated	Alex. Brown & Sons	
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their competitors. For instance, as of the end of September the state-chartered associations in New York State had 81.3% of their assets in mortgages. At the same time, the savings banks had 45.6% in mortgages, and the state commercial banks only 4.4%.

During the first half of 1951 state commercial banks in New York City had net operating earnings of about 1% on their average liabilities. State banks outside the city earned a little more, about 1.3%. But savings banks earned about 2.6%, and state-chartered savings and loan associations around 3.2%.

• **Promotion**—In recent years savings banks haven't been satisfied with their rate of growth. Of course, they advertise service to draw in new accounts. Lately, one or two have turned to gimmicks. The Greenwich Savings Bank has been giving away premiums and door prizes (page 110).

Savings bankers say that with higher dividend rates they will be in a better position to hang onto the depositors they already have and attract new ones. But they don't expect that higher rates will create any flood of new depositors.

The new rate level is going to have a different effect on commercial banks. It's pretty certain that very few of these earn enough on their deposits to be able to pay more than 2% on thrift accounts.

• **Segregation**—"Banks here and there," says Superintendent Lyon, "try to convince themselves that they can pay a higher rate on thrift deposits as long as they segregate savings bank type assets, for accounting purposes, in sufficient amounts to cover the thrift deposits."

"The fact is, there is no substitute for deriving the thrift rate from the earnings on assets suitable to the institution. The other method is to take the rate as a starting point, most often with an eye to what some other institution is paying, and then begin a search for assets that will support such a rate. It is this latter approach that led to many of the banking difficulties of the 1920s."

• **Competition**—Lyon has made it plain during recent months that he is worried about the possibility that history may repeat itself. He doesn't want to see rate competition between rival thrift institutions. He has also remarked that banks ought to be given more time to build up their reserves before they are allowed to boost their rate above 2%.

But it looks as if the impact of the income tax on savings banks is going to force the hands of Lyon and the banking board over which he presides. The board will probably decide that more earnings should go to depositors, if it's a choice between the depositors and the U.S. Treasury.

Bigger Payout . . .

That's what a minority group of Santa Fe stockholders wants. The committee has come up with something new.

Some Atchison, Topeka & Santa Fe Ry. holders of common stock don't think they've been getting a fair share of that prosperous carrier's postwar earnings. Only some 31% of the \$235-million of profits available for common dividends was paid out to stockholders in 1946-1950. And, though earnings aren't yet known, the percentage probably wasn't a great deal higher in 1951.

That's the current plaint of several small Santa Fe stockholders located in Manhattan. Last week they announced formation of a committee that "will endeavor to secure additional and increased dividends" and "otherwise promote the interests" of those holding Santa Fe common.

• **Demands**—As a starter, the committee says, it has already notified officials of the road that, at the annual stockholders' meeting slated for Apr. 24, it intends to proffer three proposals. Two of the latter will be of the type you might expect:

• That two special dividends be immediately declared on the common stock—one of \$2.50 a share out of the \$12.8-million tax refund Santa Fe recently received, another of \$5 a share out of the corporate surplus of the road and its wholly owned subsidiaries. This last is aimed particularly at Western Improvement Co., "which recently had holdings of over \$40-million in government bonds."

• That the regular quarterly dividend on the common stock be raised to \$1.50 a share from the \$1 (plus one extra of 50¢) paid since the shares were split on a 2-for-1 basis last summer.

• **New Idea**—Far less orthodox, however, is the committee's third proposal. This calls on the road to carry through a capital readjustment and distribute to common stockholders new stock "representing the very valuable non-operating assets of the company." This could be done, it points out, under provisions of Section 317 of the 1951 Federal Revenue Act. This law permits, under certain circumstances (BW—Oct. 27 '51, p. 154), tax-free distribution of the stocks of subsidiaries to shareholders of the parent company.

This proposal is also aimed primarily at the road's Western Improvement Co. The latter is the subsidiary that holds Santa Fe's interests in various oil, lumber, real estate, coal, and mining enterprises. Its earnings, coupled with those of other affiliates, have ranged

between \$7.7-million and \$12-million annually in recent years, but they have been reflected in the road's accounts only to the extent of dividends paid to the parent.

• **Pioneering**—This is the first occasion when any group of dissident stockholders has ever demanded this sort of action under provisions of Section 317.

It's a move that might well be watched from here on, even though no one now believes that the Santa Fe will be forced to take the action demanded. There are a number of systems that lately have been paying stockholders only a small portion of their earnings and that have "wealthy" affiliates.

FINANCE BRIEFS

Interest rates, both short and long term, may rise even further. That was the forecast of S. Sloan Colt, president of Bankers Trust Co. of New York, at the stockholders' meeting last week.

• **Prudential Life** is lending \$115-million to International Business Machines Corp. on 3½% 100-year notes. Beginning with 1960, either IBM or Prudential can convert this paper into 25-year 3½% serial notes. IBM borrowed \$50-million from Prudential last June on 20-year 3½% notes.

• **Tax bite:** General Electric's 1951 tax bill came to \$373.8-million. That was \$74.4-million more than in 1950, and it figures out to around \$12.95 per common share. By contrast, shareholders last year got \$2.85 per share as dividends. . . . International Harvester's taxes in 1951 amounted to \$8.72 per share of common stock; dividends were \$2 a share.

• **Burlington Mills Corp.** has cut its quarterly dividend on common shares from 34¢ to 25¢. Earnings in the last quarter of 1951 came to only 13¢ a share, compared with 76¢ in the 1950 period.

• **Another \$200-million dividend** will be distributed to National Service Life Insurance policyholders, starting in March.

• **Cigarette tax revenue** for New York State jumped \$1.5-million in 1951 to a new high of \$59.7-million. The 3-¢-a-pack levy yielded \$39.8-million for general state purposes, \$19.9-million to retire veterans' bonus bonds.

• **Nearly \$3.3-billion** of new state and municipal securities were offered publicly last year. The total fell \$400-million short of matching 1950's peak.



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Board Stays Open Saturdays

Year-round shutdown draws a veto from the board of governors, but the summer five-day week is O.K.'d again. Smaller houses aren't giving up the fight for a short week.

The New York Stock Exchange is not yet ready to break with tradition by going on a year-round five-day week. Its board of governors last week could agree only on continuing the summer-time Saturday closing that has been in effect since 1946. From October through May, long-established operating schedules still prevail.

Defeat of the year-round Saturday closing isn't a case of hidebound opposition to change. In fact, the fight to preserve the old trading hours was led by Wall Street's most progressive go-getters. These houses that are promoting new business handle most of the orders placed by the public. They're convinced their type of business needs the Saturday morning trading session.

• **Background**—On a year-round basis, trading hours on the Big Board haven't changed in 65 years. Since 1873 the board has been open for trading each Monday through Friday from 10 a.m. to 3 p.m. Since 1887 the short Saturday session has run from 10 a.m. to noon.

These may sound like short hours, but they add up to a full 54-day week for those who have to prepare for the opening and also stick around to mop up in the clerical aftermath.

In recent years, more and more members have been urging that Saturday trading be abolished altogether. Most of the pressure has come from the smaller firms. They're finding it increasingly hard to get clerical help that's willing to work a 54-day week when most offices are on a 5-day schedule. For small houses the problem is far more difficult than for the houses with larger staffs. And, despite their latest rebuff, they have no intention of giving up the fight for year-round Saturday closing.

• **The Proposal**—The question before the governors was not an over-all curtailment of the trading hours in a week. In place of the Saturday morning session, the proponents figured that 30 minutes could be tacked onto the trading hours Monday through Friday. They also said additional time could be gained by not shutting shop on such marginal holidays as Good Friday and Columbus Day.

How the governors voted wasn't announced. However, it was one of the hottest "family fights" on the Big Board in many a day. The meeting lasted three hours (one of the longest policy sessions on record). Only one

of the 33 governors was absent—a public member, Thomas S. Nichols, chairman and president of Mathieson Chemical Corp.

• **The Answer**—Here's how G. Keith Funston, president of the exchange, explained the board's action: Since the exchange is a national institution, it must afford access to its facilities to the maximum number of people at the most convenient hours; the present schedule appears to meet such requirements better than any other at this time.

• **Wall Street Final**—One particular problem, Funston added, would have been created by staying open an extra half hour Monday through Friday. It was the "hardship that a 3:30 closing would exert on afternoon papers publishing final prices."

Some 600 morning and afternoon dailies still print stock tables, but lately only about 30 have carried the entire list. Obviously, no exchange members want to see any further contraction in the group of 30. This is reported to have outweighed arguments of Sunday morning papers, which could save paper and tabulation costs if the board stayed closed on Saturdays.

• **Public Demand**—The chief opponents to Saturday closings have been Wall Street's big wire houses. Merrill Lynch, Pierce, Fenner & Beane, which handles a larger share of Big Board trading volume than any other member firm, has been particularly outspoken.

Objections of "We the People" to Saturday closings, moreover, aren't based merely on the firm's own personal beliefs. Last summer Merrill Lynch took a poll of its customers on the question. This showed that 34,230, or 58.5% of those replying, either needed or wanted Saturday trading facilities. According to the house, this poll indicates that as many as 120,000 traders and investors would be inconvenienced if the Big Board wasn't open six days a week.

Judging by polls of individual stock exchange members on the question, more houses seem to favor Saturday closings than oppose them. A year ago, for example, 651 of the 1,098 Big Board members then voting favored year-round Saturday shutdowns; only 447 favored staying open. However, the latter group comprised member firms that supplied the exchange with 58% of its commission business in 1950.

21

Airline Executives Contribute to Goodbody & Co.'s Quest for Investment Values



Peak traffic records for the airlines in 1951... was the signal for our transportation analyst to call upon 21 executives in key positions in airline and allied industries in an intensified search for intimate, up-to-date information on investment opportunities.

These reliable sources, established over many years, contributed new perspectives on these questions: will the growth trend continue into 1952 and beyond? . . . how will excess profits taxes, mail subsidies, air freight and air coach services affect earnings? . . . which individual airlines offer the best values?

Airlines Prospects Soar

Synthesizing this information with statistical data painstakingly assembled by his research assistants, our analyst was able to draw conclusions of interest to every investor seeking basic securities values. His report, "Profits Soar for the Airline Industry", is featured in our Monthly Market Letter.



Profit Through Research

The thoroughness of this project is typical of the work of the 7 senior analysts and many assistants in Goodbody & Co.'s Research Department. Criss-crossing the nation to talk to personal contacts in sensitive industry areas, these experienced specialists study statistics as they are being made in a continuing quest for investment values.

If you believe as we do, that creative research such as this can minimize investment risk and point to profit, write for our Market Letter BW-3.

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Consulting Economist

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THE MARKETS



Low-Price Commons Lag

High grades hit peak, but speculative shares fail to regain October's modest high. Wall Street blames the lure of Canada's oil and mining shares.

One of the stock market's key indicators quietly made a new high last week. It was Standard & Poor's weekly index of high-grade common stocks, which reached 150.2, tops since the index was started in 1926.

Meanwhile, S&P's index of low-price commons—the speculative barometer—is still well under the high point it reached last October (chart, above). Even that October peak was far below the highs the low-price index reached in 1946 and 1928-1929.

• **Lure of Canada**—Wall Streeters think that the main reason low-price shares haven't done better lately is that a lot of speculative money has been attracted by the profit possibilities in Canadian oil and mining stocks, which aren't listed on the Big Board. Institutional investors, who buy the high-grade issues, remain mostly in the New York market.

That has an effect on volume, naturally. It makes a lot of difference whether money goes into a stock selling for, say, \$20, or into a high-grade issue selling around \$80 or \$100. This helps explain why daily trading volume on the New York Stock Exchange

hasn't gone over 2-million shares in over three months.

• **Choosy**—It's a selective market. Oil shares, televisions, rails, and utilities have been getting most of the play. The advance hasn't been at all broad. Since the start of the yearend rally, many trading days saw more stocks going down than going up (BW—Jan. 1952, p.153).

But during the last week or so the plus signs have pretty consistently outnumbered the minus. Trading volume has improved a bit over December and early January. At midweek, however, there was a sharp break in the stock market.

Just the same, bulls saw some hope that last summer's pattern may repeat itself. In August the revival of the bull market started with Standard & Poor's high-grade index. Then the speculative, low-price group came to life.

The result was a general bull move that sent the Dow-Jones industrial average to its highest level since 1930. Standard & Poor's composite index of 365 industrial shares, and Moody's average price of 125 industrials, even

managed to pass their 1929 highs. • **Shakeout**—However, most analysts who have pointed out this parallel are cautious about predicting any sustained bull rally. After all, last August's rally ended in an October shakeout. If another rally does get under way, it might do well to last beyond Election Day.

For the stock market must continue to face the fact that earnings of most

companies will be lower this year. There will be fewer extra dividends; and some companies will have to cut dividend rates. It's true that, in general, stocks are being valued conservatively in relation to earnings. But higher taxes continue to bite into the stockholder's take-home pay—the percentage of his dividends that he has left after personal income taxes.

The Yearend Rally Up to Now

Industrial Commons

	Nov. 30, 1951	Range Since High	Low	Recent Level	Gain Maximum	Now
Dow Jones Average.....	261.27	275.40	262.29	274.17	8.4%	4.9%
Allied Stores.....	\$41.50	\$41.62	\$38.00	\$38.50	0.3	-7.3
American Can.....	107.50	128.00	108.00	122.00	19.1	13.6
American Locomotive.....	20.62	21.25	18.37	19.62	3.1	-4.0
American Smelting & Refining.....	49.62	52.25	44.00	52.25	6.3	6.3
American Woolen.....	37.37	38.25	33.12	34.37	3.4	-0.0
Anasconda Copper.....	49.75	55.75	49.12	54.50	18.1	9.8
Bethlehem Steel.....	50.37	53.87	49.62	52.50	6.9	4.3
Bristol-Myers.....	34.50	35.62	33.25	34.37	3.3	-0.4
Celanese Corp.....	49.50	52.25	47.25	47.25	8.6	-4.8
Chrysler.....	70.00	71.37	69.00	70.12	3.0	0.3
E. I. du Pont de Nemours.....	85.87	93.00	85.50	89.50	8.3	4.3
General Electric.....	56.00	59.87	55.75	59.37	6.9	0.0
General Motors.....	50.37	52.00	50.25	51.87	3.3	3.0
Gimbel Bros.....	19.37	19.75	16.87	17.12	3.0	-11.6
B. F. Goodrich.....	57.75	62.75	58.25	61.00	8.7	8.6
Gulf Oil.....	50.25	58.62	50.00	57.75	16.7	14.9
International Harvester.....	33.87	36.62	33.75	35.75	8.1	5.6
Johns-Manville.....	66.50	73.25	65.24	69.37	10.9	4.3
Radio Corp.....	23.50	24.87	22.87	24.62	5.8	4.6
Republic Steel.....	42.25	43.87	40.50	43.50	3.8	3.6
Sears, Roebuck.....	55.75	56.75	55.00	56.00	1.8	0.4
E. R. Squibb.....	24.75	26.87	24.25	25.12	8.6	1.6
Standard Oil (N. J.).....	70.12	85.00	69.50	84.50	11.3	29.8
Swift & Co.....	33.50	35.50	32.62	34.87	6.0	4.1
Union Carbide & Carbon.....	56.25	64.75	55.50	62.62	18.1	11.4
United Aircraft.....	29.75	33.62	29.50	33.62	12.0	13.0
United States Rubber.....	70.75	83.25	69.25	83.25	17.7	17.7
United States Steel.....	40.25	41.00	39.12	40.87	1.9	1.8
West Virginia Pulp & Paper.....	82.75	85.00	77.50	77.50	2.7	-0.3
Westinghouse Electric.....	38.62	40.87	38.12	38.25	6.8	-1.0

Utility Commons

Dow-Jones Average.....	46.04	49.10	46.08	49.00	6.6	6.4
Cleveland Electric Illuminating.....	\$50.00	\$52.62	\$49.00	\$51.12	5.2	3.3
Commonwealth Edison.....	29.50	32.00	29.50	31.62	8.5	7.3
Consolidated Edison.....	32.00	34.00	31.62	33.75	6.9	6.6
Consol. Gas El. Lt. & Power.....	25.87	26.87	25.62	26.75	3.9	3.4
Detroit Edison.....	22.25	23.62	22.12	23.12	6.3	3.9
New England Electric.....	12.62	12.62	12.12	12.25	-	-2.0
Pacific Gas & Electric.....	33.75	35.37	33.62	35.12	4.8	4.1
Philadelphia Electric.....	26.87	29.75	28.75	30.00	8.0	3.9
Southern California Edison.....	33.75	36.37	33.62	35.75	7.6	6.9
Southern Co.....	12.00	13.37	11.87	13.37	11.4	11.4

Railroad Commons

Dow-Jones Average.....	81.43	87.17	80.86	87.02	7.0	6.9
Atchafalpa, Topeka & Santa Fe.....	\$74.25	\$81.50	\$74.12	\$79.50	9.8	7.1
Atlantic Coast Line.....	75.50	81.00	75.12	81.00	7.3	7.3
Cheapeake & Ohio.....	32.75	35.75	31.75	35.00	9.2	6.9
Chic., Milw., St. Paul & Pacific.....	18.62	23.00	17.62	20.75	20.5	11.4
Great Northern (Pfd.).....	50.50	53.62	49.00	51.00	6.2	1.0
Illinois Central.....	56.25	58.87	53.75	59.12	4.7	8.1
Louisville & Nashville.....	50.50	55.50	50.00	55.50	9.9	9.9
New York Central.....	18.25	21.25	17.50	20.37	14.4	11.6
Pennsylvania.....	18.00	20.25	17.50	19.50	12.5	6.3
Southern Pacific.....	60.75	64.87	59.12	64.50	6.8	6.3
Southern Ry.....	49.75	52.50	49.25	52.00	8.5	4.5
Union Pacific.....	100.25	116.00	98.75	114.00	18.7	13.7

N. B. Prices have been adjusted for stock splits when necessary.

CARPETING! In a Factory?



New Mulsomastic Floor in the cutting and shipping room of the lithographing plant of the Piedmont Label Co., Bedford, Va.

THICK-PILE carpeting isn't a practical answer to making factory floors easy on workers' feet. But in the Piedmont Label Company, Inc., when a smooth resilient coating of Tremco Mulsomastic® was put down over a hard, broken cement floor, the foot-relief for employees was so marked it caused Master Mechanic H. J. Faribault to comment, "It's like walking on a carpet."

Mulsomastic is a mastic surfacing that can be quickly and inexpensively put down over old wood or concrete floors by independent contractors or your own crew, under Tremco direction.

It makes a warm, dry, resilient floor—easier to work on—more healthful. It stands up under heavy materials trucking. Paint covers and stays put for easy cleaning and good appearance.

Tremco Man Francis Lee, who planned the job with Vice President J. T. Davidson and Master Mechanic Faribault, is one of a large staff of Tremco field men who are prepared by special training, and wide experience to help you find the right answer to many building maintenance problems.

If you have a maintenance problem CALL IN A TREMCO MAN. No obligation. The Tremco Manufacturing Co., Cleveland, Ohio and The Tremco Manufacturing Co., (Canada) Ltd., Toronto.



Tremco Man Francis Lee

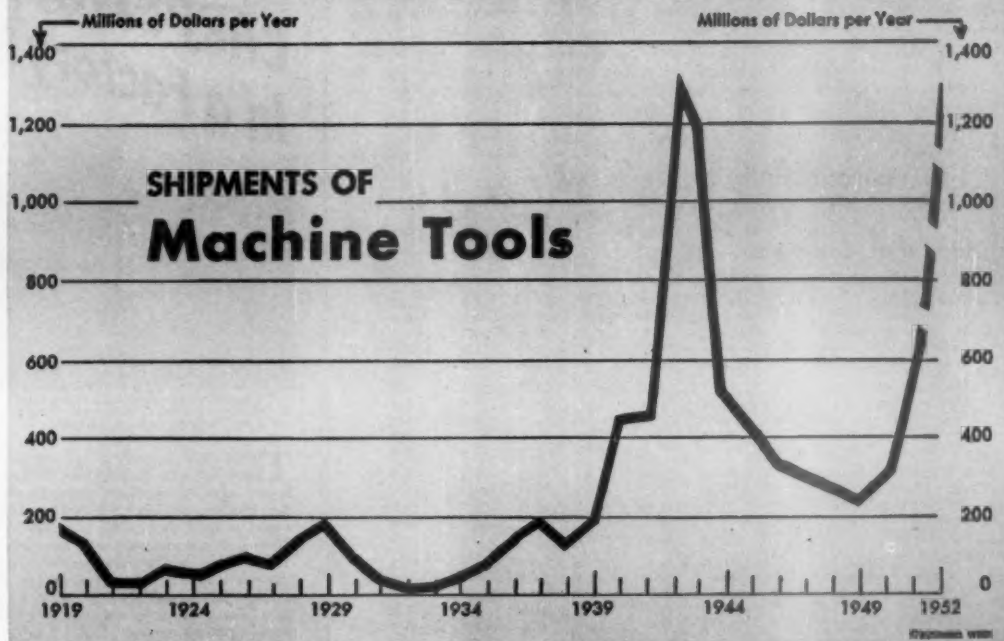
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UM 1014

DEFENSE BUSINESS



NPA Plans Stockpile to Fill the Valleys

To beat the machine tool shortages that have plagued the U.S. each time it mobilized—and to keep the machine tool industry healthy—the National Production Authority has come up with a plan for massive stockpiling of tools.

NPA would set the industry to work, once it has finished off today's backlog of orders, to build \$4-billion worth of tools over four years. That, as NPA sees it, would:

- Give the U.S. a reserve of perhaps 80% of the tools it would need to fight an all-out war.

- Keep the machine tool industry operating on a high and stable base—a base from which it could expand quickly—with a lag of only a few months if general war should break.

So far this is only a plan. Shortages dominate the machine tool picture today—and will for well over a year to come. In fact, it's the shortages and the trouble they have caused that led NPA to think up its super-stockpiling plan.

- **Congress Prods**—Biggest recent spur to the planning was a report by Sen. Burnet Maybank's joint Senate-House

defense production committee, saying that the machine tool situation is going to get worse before it gets better. The watchdog committee said that the industry wouldn't be able to catch up with its huge backlog of orders until late in 1953.

Clay P. Bedford, special assistant to Defense Secretary Lovett (BW—Jan. 6 '52, p84), is the father of the stockpile plan. He figures the program will take the ski-jump ups and downs (chart) out of the machine tool business. Since government ordering will be well ahead of current needs, the industry will be assured of a cushion in slack times. And, of course, it will mean that engineering and design departments will be kept up to snuff, instead of being allowed to wither as they did in the postwar doldrums of the industry.

- **Updating**—One part of the plan calls for the constant modernization of the tools in the stockpile. This is aimed to eliminate the costly error we made after World War II. Then, we gathered up all the arms-producing machine tools built for the government,

and put them in armed forces warehouses to gather dust. The industry virtually went to seed. None in the industry—or in Washington—gave much thought to engineering and production of new tools for turning out entirely new kinds of planes, tanks, and guns.

When fighting started in Korea, that was exactly what we needed: new tools to turn out weapons that we had never before mass-produced. Other delays cropped up, but the really big one was inescapable. The industry needed at least 18 months to design and tool up for defense needs.

When Bedford left his job as executive vice-president of the Kaiser-Frazer Corp. to become the top production expert for mobilization boss Charles E. Wilson, his first orders were to do something about the machine tool bottleneck.

- **Materials**—Bedford saw to it that the machine tool makers got raw materials promptly, fast tax writeoffs for plant expansion, price relief, and other government assistance. As the Congressional committee pointed out last



British Industries Fair "Notable Achievement"

"I was highly impressed with the comprehensiveness of the exhibits at the 1951 British Industries Fair," said Mr. Suessmuth of Sidney Blumenthal & Co., manufacturers of pile fabrics. "The attractive displays and the wonderful attitude of the participants combined to make the BIF a notable achievement for British industry."

British Industries Fair - London and Birmingham, May 5-16. For details, write or phone the nearest British Consulate or; Commercial Department, British Embassy, Washington 5, D. C.



Refrigeration Manufacturer Calls KLIXON Protectors Dependable Watchmen

SMYRNA, DEL.: N. Arthur Stokesburg, Jr. of Wilson Refrigeration, Inc. knows from experience that KLIXON Protectors stop motor burnouts.

"In our manufacturing of Milk Coolers and Farm Freezers we have had ample opportunity to observe the worth of Klixon Protectors, especially in rural areas where low voltage might occur — due to old wiring or wire of insufficient size to carry the load. We find that by using Klixon Protectors on all condensing units, we have a dependable watchman night and day to protect the condensing unit motor from burning out."

The KLIXON Protector, illustrated, is built into the motor by the motor manufacturer. In such equipment as refrigerators, oil burners, washing machines, etc., they keep motors working by preventing burnouts. If you would like increased customer-preference, reduced service calls and minimized repairs and replacements, it will pay you well to ask for equipment with KLIXON Protectors.



Manual reset

KLIXON

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week, other Washington officials delayed so long in taking these steps that it was just about a year before the industry really got started.

But Bedford knew these moves only scratched the surface. The big trouble was the lack of engineering and plant facilities. That won't be licked for another year. Bedford has sold his stockpiling idea to Lovett, Wilson, and other defense officials. They hope to ask Congress soon for funds.

• **Floor Space**—Some of the equipment would go to existing plants now slated to operate at less than all-out levels. But the bulk of the machinery would be stockpiled. There wouldn't be floor space for it in existing defense plants. In event of all-out war, Bedford figures some 15-million sq. ft. of plant now turning out consumer durables could be cleared quickly to make way for the military equipment.

CHECKLIST: Defense Regulations

The following listing and condensed description cover all the materials and price-control regulations issued by the defense agencies during the preceding week.

Full texts of the materials orders may be obtained from National Production Authority, Washington 25, or from any Dept. of Commerce regional office.

Full texts of the price orders may be had from the Office of Price Stabilization, Washington 25, or from the regional OPS office in your area.

Materials Orders

Cans: Increases quantity of cans that may be used to pack spaghetti and macaroni, chili with beans, nonseasonal soups, dried beans, baby powder, and mechanics' hand-paste soap. Also makes several other changes to reflect industry needs. M-25, amended (Jan. 22).

Aluminum: Adds aluminum conductor wire and cable products to the controlled materials list. M-88, Amdt. 1 (Jan. 25).

Rubber: Provides that natural rubber crepe soles that have not been compounded, vulcanized, or attached to a shoe are still natural rubber and cannot be privately imported. M-2, Interpretation 1 (Jan. 23).

Copper: Revises copper order controlling the acceptance and scheduling of authorized controlled material (ACM) orders for copper products, bringing them more in line with the Controlled Materials Plan. Also provides a means whereby distributors of copper foundry and powder mill prod-

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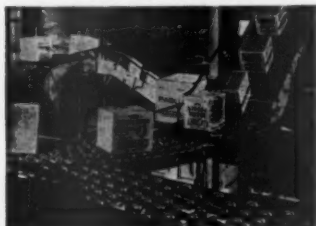
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A LINE of Rapistan equipment may smash a bottleneck for you. Here a Press-Veyor moves finished product from machine direct to tote box, cuts time and labor handling costs. Whether you need an interfloor unit, a box car loader, or a length of the world's finest gravity conveyor... you'd better see Rapistan first!



A LINE of Rapistan equipment can solve a wide variety of problems. Here a portable Stevedore, Jr.'s flows cartons continuously, dependably from gravity conveyor directly into the delivery truck. Fish, flowers or furniture... whatever you are moving, you'd better see Rapistan first!



AN ENGINEERED SYSTEM by Rapistan costs less because it's formed from combinations of "standard" units... not high priced "specials." It speeds output and cuts costs immediately. Manufacturer, wholesaler or retailer... if you have a tough handling problem, call on Rapistan engineers first!

ucts may use self-certification to replace in inventory any material sold from stock to fill an ACM order. M-11 amended, Dir. 2, 3, 4. Revoked, Dir. 5 issued (Jan. 23).

Pricing Orders

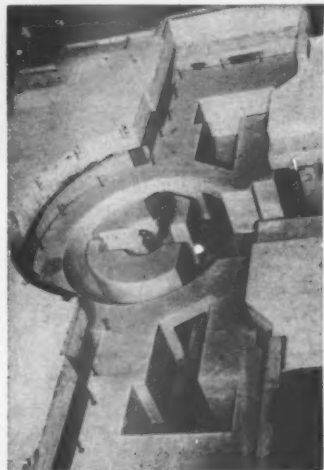
Aluminum scrap: Increases ceiling for a few grades of scrap and ingot to provide a more normal price relationship between the grades. Also establishes a new pricing method for sales by the U.S. government to conform with existing government disposal regulations. CPR 54, Rev. 1 (eff. Jan. 16).

Lumber products: Permits reseller of lumber and allied wood products to determine ceilings by applying to the current cost of the item the percentage markup that he employed during either the base period provided under GCPR or an alternate base period from May 1 through June 30, 1950, whichever he chooses. GCPR, SR 87 (eff. Jan. 22).

Distilled spirits and wines: Sets up a method for wholesalers and retailers to establish their ceiling prices for sales of packaged whiskey that they buy in bulk, under franchise contracts. CPR 78, Amdt. 2; CPR 78, SR 2, Amdt. 1 (eff. Jan. 23).

Retail order: Permits a retailer to sell sets of articles as a unit whether he bought them from a manufacturer, distributor, or other person who assembled the articles as a sales unit. CPR 7, Amdt. 13 (eff. Jan. 22).

Rutile ores: Exempts from price con-



The Gadget Sits Here

General Electric's new 42-ft. boring mill will sit on this concrete foundation at the Schenectady plant. The foundation needed 100 tons of steel, 560 cu. yd. of concrete.



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Whether your products are designed to beautify the lady of the house—or the house itself—Atlas chemicals add sales appeal.

Sorbitol is one such Atlas "beauty aid!"

Sorbitol esters are used to solubilize perfume oils. In cosmetic creams, sorbitol itself is used as an humectant, emollient or binder to retard moisture loss . . . preserve texture . . . give a cool, fresh "feel" . . . help my lady's make-up "stay-put."

In paint, varnish and lacquer production, sorbitol derivatives give drying oils, hard resins and alkyds better gloss . . . stronger adhesion . . . faster drying . . . better pigment wetting.

Other Atlas chemicals are many, and diverse in their application. Atlas emulsifiers, plasticizers, detergents, activated carbons, industrial explosives, resins—are used in polishes, paper, cleaners, cutting oils, laundering, dry cleaning, sugar refining, to name a few

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ting it out in seconds, before it spreads and causes extensive damage . . . no after-fire mess, no water damage with carbon dioxide.

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trol all sales of imported and domestic rutile ores and concentrates, and the allied services of mining and processing these raw materials. GOR 9, Amdt. 13 (eff. Jan. 18).

Passenger automobiles: Sets up method by which manufacturers of passenger automobiles can make the optional adjustment of their ceiling prices provided for by the Capehart Amendment to reflect permissible cost increases up to July 26, 1951. CPR 1, Rev. 1, SR 1, Amdt. 1 (eff. Jan. 17).

Community food pricing: Provides legal basis for issuance of an "adopting order" by the OPS district office in each test area, putting into one regulation the provisions common to all community pricing orders which may be issued locally. GOR 24, Del. of Authority 50 (eff. Jan. 18).

Sodium silicofluoride: Authorizes resellers of sodium silicofluoride to pass to consumers the increases in manufacturers' ceiling prices established under GCPR. GCPR, SR 29, Amdt. 7 (eff. Jan. 28).

Machinery: Requires manufacturers who perform certain installation and erection services in connection with the sale of equipment to price such work under the construction regulation CPR 93. CPR 30, Amdt. 30 (eff. Jan. 28).

White potatoes: Establishes ceiling price markups for retail sales of white potatoes. CPR 15, Amdt. 10; CPR 16, Amdt. 10 (eff. Jan. 28).

Baseball games: Sets up dollars-and-cents ceilings on admissions to major-league baseball games for the forthcoming season. Also permits minor-league clubs to increase their total admission ceilings by 8%. CPR 34, SR 11 (eff. Jan. 29).

Lead and zinc ores: Authorizes a ceiling price increase of 2¢ a lb. of lead and zinc content for domestic lead and zinc ores and concentrates and other lead and zinc bearing materials. GCPR, SR 70, Rev. 1 (eff. Jan. 25).

The Pictures—Cover by John Marshall. The Bettmann Archive—84; Dick Cameron—98 (top rt.); Bill Clinkscales—72; General Electric—122; Harris & Ewing—22 (lt., top rt.), 23 (top lt., rt.); Int. News—19, 20 (bot.), 22 (bot. rt.), 30; Bob Isear—36, 37; Keystone—129; Herb Kratovil—25; McGraw-Hill World News—106; Newman-Schmidt—132; U.S. Steel—46; Tennessee Eastman—54; United Press—24, 100, 135; Wide World—23 (bot. lt.), 26, 130; Dick Wolters—85, 89, 90.



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Their 100 hp Westinghouse compressor is as fool-proof as your refrigerator, will give years of service.

INTERNATIONAL OUTLOOK

BUSINESS WEEK
FEBRUARY 2, 1952

A
BUSINESS
WEEK
SERVICE

The Churchill government is taking drastic action to stave off national bankruptcy. Chancellor Butler has moved on three fronts:

- Capital investment, both private and public, will be squeezed hard to make more room for exports and defense.
- Imports will be slashed by another \$400-million, bringing the total cut for 1952 to about \$1.4-billion.
- Government spending will be cut back. By whacking some of the free items out of the national health service, Butler figures on saving over \$100-million. He'll save some more by dropping 10,000 civil servants.

The big feature of this new British program is the ban on capital spending.

There will be restrictions on deliveries of plant equipment, trucks, and construction steel—except where these items are needed by defense plants or the fuel and power industries.

But the private consumer will be pinched, too. The domestic supply of autos will be cut to 60,000, half of what it was last year. New supplies of household appliances—radios, television sets, refrigerators, etc.—will be trimmed by a third. And instalment credit terms will be tightened.

Butler won't be able to halt London's gold losses right away.

Chances are they will be at least \$600-million during the first half of the year. And that's after allowing for the \$300-million the U. S. Mutual Security Administration has just allocated to Britain.

But Butler hopes to get the sterling area in balance during the second half. In that period he's figuring on a deficit of \$280-million for Britain alone. (The deficit for the last six months of 1951 was \$1.6-billion.) On the other hand, the rest of the sterling area is supposed to have a surplus of \$280-million, which would wash out Britain's red ink.

King Farouk had to move in a hurry last week when he set up his new Egyptian government. He faced the possibility of a British march on Cairo.

The U. S. can take some credit for his sudden speed. For weeks we've been urging Farouk to fire trouble-making Premier Nahas Pasha.

Some British observers think an occupation of Cairo still is possible. They fear the new government of Maher Pasha may bring more trouble rather than less, forcing Churchill into all-out measures to save Suez.

Washington also has its fingers crossed. There's some doubt the new Egyptian premier could control the mobs if he made a deal with Britain. Moreover, the fanatic Wafdist party, now in opposition, can be more irresponsible than ever.

A lot depends on whether Egypt's army remains loyal to Farouk. It probably will if it doesn't tangle with the main British forces. But the British, in self-defense, may have to enlarge the territory they now hold. That would bring them face to face with Egyptian troops.

If the West can rewrite the proposal for a Middle East defense setup to Egypt's liking, some of the strain would be eased.

But it's clear that Britain and the U. S. won't back down on two basic principles:

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
FEBRUARY 2, 1952

• The Suez Canal must be defended. The Egyptians can't do it. So some sort of international control is essential.

• The Sudan mustn't be turned into an Egyptian colony.

That's a lot for any Egyptian government to swallow in the present superheated atmosphere.

• Some Washington circles hope the Shah of Iran will follow Farouk's lead and fire Prime Minister Mossadegh.

That's probably whistling in the dark. The Shah is an idealist who hates rough, undemocratic tactics. What's more, there's no Iranian leader in sight who might step in. Mossadegh is firmly in the saddle. And there's been no serious rioting, as in Egypt.

• The U. S. is worried about further violence in Tunisia. We've been pressuring Paris to make more concessions—faster—to the Tunisian nationalists.

The French promise they will—gradually. But Washington fears the situation might deteriorate into a small-scale Indo-China war. There'd be dangerous echoes in French Morocco, which is ripe for revolt right now.

One sidelight on the U. S. attitude: Habib Bourguiba, exiled Tunisian nationalist leader who started the uprising, is a favorite of the American Federation of Labor. He controls the only anti-Communist union in North Africa.

• The Tunisian mess, and the chance of a repeat performance, in Morocco, put U. S. policymakers on the hot seat.

The French accuse us of playing ball with the nationalists. The nationalists suspect we're backing the French. And we're pouring hundreds of millions of defense dollars into airstrips and other installations in the area.

We can't have the French against us. Nor can we jeopardize our investments by earning the hatred of the natives.

• Western Europe's defense plans have hit another roadblock. France and West Germany are squabbling over the Saar again.

The dispute broke just as the six European foreign ministers were set to initial the European army plan. It may be stalemated until the air clears.

A surprise French appointment of an ambassador to the Saar caused the trouble. The Germans say that Paris is steadily building up the Saar's sovereignty and its ties to France. They want assurance that the coal-rich territory can eventually return to Germany, if the people of the Saar favor the German tie.

• Washington is putting strong pressure on Chiang Kai-shek to stop sending supplies to Nationalist forces in Burma. These troops were chased across the border by the Chinese Reds a year or two ago.

Despite U. S. protests, Chiang has been helping them via his embassy in Thailand. Now the U. S. is ready to get tough.

This whole business puts the U. S. in a bad spot. Russia's U. N. delegate, Jacob Malik, brought the issue into the open last week. Malik charged that U. S. officers were leading the Nationalists in Burma. That's not true. But there's no doubt that the presence of Chiang forces in that country gives the Chinese Reds a pretext for invasion.

BUSINESS ABROAD



NOT ENOUGH MINERS is Britain's biggest trouble, while . . . OUTMODED EQUIPMENT is the bugaboo in Germany, as . . .

Coal Shortage Plagues Western Europe

Western Europe's Number One economic problem is coal. Shortages are upsetting European dollar balances and threatening to throttle Atlantic rearmament.

As U.S. officials see it, it's up to Britain and West Germany, who produce 76% of Europe's coal between them, to do something about the shortage in a hurry.

It isn't that there's not enough coal—in the ground. Digging it is the problem. And Britain and Germany each have special roadblocks to blast away before they can boost output.

For Britain, the trouble is mainly manpower: Britons just don't want to work in the mines. There are many proposals to get the men to work in the mines. The London Economist, for instance, suggested that Britain might jack coal prices, cutting consumption and leaving more for export, then pass on the proceeds to miners in the form of higher pay.

For West Germany, the problem is primarily worn-out equipment. Right now Germans are talking about a huge, \$875-million investment program to modernize the mines. If, say, the World Bank or others were to step in soon with a big loan, the program might get some steam behind it fast.

• **Things Are Bad**—It's clear that something has to be done. Last year Western Europe consumed 486-million (metric) tons of coal, produced 451-million tons. The deficit was covered by imports from the U.S. (25-million tons) and Poland. Now Western Europe is

buying U.S. coal at a rate of 35-million tons yearly, at a cost of at least \$700-million. That could burn up over 75% of all U.S. economic aid earmarked for Europe.

It looks as though a hefty deficit will continue to plague the Europeans. It's been estimated that if Europe manages a 25% increase in gross industrial production over the next five years—as scheduled by the Marshall Plan council to cover rearmament—the coal deficit in 1956 will still run around 25-million to 35-million tons.

• **Slow Comeback**—Of all major European industries, only coal mining has a bad recovery record since World War II. With general industrial activity running nearly 140% of prewar, coal output is lagging badly at only 93%.

Actually, output increased enough after the war to bring a period of seeming stability in 1949 and 1950, with production almost satisfying demand. Then the spurt in industrial activity after Korea upset the balance. Imports of U.S. coal started late in 1950, have been booming since.

I. Britain Needs Men

Britain now produces nearly half Europe's total coal output—225-million tons last year. But out of that total it exported only 12-million tons, compared with exports of 46-million tons in 1938. That's the gap that forced Europeans to buy U.S. coal. Actually, British production last year just about equaled 1938. But British consump-

tion is around 25-million tons larger.

The reason for the trouble is that the mineworker force is too small, too elderly; there's no unemployed labor reserve to fill in the gaps. In 1937 Britain had 778,000 miners at work; now there are only 694,000. In the 18 months since Korea, 20,000 Britons have drifted away from the mines to other jobs.

• **Ways Out**—There are plenty of remedies under discussion to boost coal output. Here's a quick rundown on them:

For one, Britain could make more efficient use of the existing labor force; the proportion of miners actually cutting the coal underground could be increased at the expense of those working above ground.

More pay would help. The London Economist suggested that miners get another pound a week to attract labor. Miners are already the highest paid wage earners in Britain. Nonetheless, since quick output depends entirely on attracting more labor, another pound a week would help.

A much-discussed plan is to import miners—especially from Italy. So far, British miners have flatly refused to accept Italians, despite pleas from the government and some union leaders.

Some progress is being made, though. The most promising approach is to employ Italians in surface jobs, releasing Britons for the work underground.

• **Hopes**—The best expected from the big effort under way to increase output this year is another 8-million tons. That's about equal to the present do-

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mestic shortage. So it would easily be absorbed without raising exports to Europe—unless drastic action is taken. Most economists believe the only short-run way to boost exports is to cut British consumption—as suggested by the Economist. First necessity is to make coal more expensive, then do the same for electricity. Both are still cheap compared with the general price level. Combined with an allocation scheme, the higher price might cut British coal use 10-million tons, which with increased production would let exports rise to 30-million tons. That, plus a small increase in coal output from West Germany and France, might do away with Europe's needs for expensive U. S. imports.

II. Germany Needs Money

Last year West Germans dug 118.6-million tons of coal, compared with 137.6-million in 1937. Production targets of 126-million tons this year and 150-million in 1956 have been mapped out. Germans think that neither target is out of reach, feel production is progressing satisfactorily. But it will take more miners, more new machinery to do the job.

There's plenty of manpower. Bonn has made mining more attractive by letting miners share in profits, cutting taxes on overtime work. One big need is housing: A plan has been worked out to finance new construction by slapping a levy on every ton of coal mined. U. S. aid funds, mortgages, mine contributions, and government loans will add to the kitty.

• **Bugaboo**—Biggest problem, though, is to replace worn-out equipment. It's been estimated that \$875-million will have to be spent between now and 1956. Of this, Germans say they can only put up around \$340-million.

The German capital market is nervous, afraid to invest in an industry that might be fair game for nationalization in case Kurt Schumacher's Socialist party were ever to get in power. Other industries, investors feel, like oil and autos, offer higher and safer returns. That leaves the bulk of the new coal investment money to come from outside. The World Bank is mentioned as a strong possibility. There's some hope that private foreign investors would pitch in, too.

• **Third Partner**—As for France, third-largest European producer, it can boast a solid postwar production record. French 1951 output hit 55-million tons, up 10-million over 1937. There are plans to hit 61.6-million tons by 1956. In the meantime, French production problems are similar to Britain's and Germany's—5,000 more miners are needed, along with housing and continuing modernization.

But even remarkable production accomplishments in France and the smaller producers (Belgium, the Netherlands, and the Saar) can only make a dent in the over-all shortage. Major improvement must come from London and Bonn.

III. Outlook

A high-level coal board, with Dutch, German, and British members, is getting set to study the problem and make recommendations to the respective governments. The board is working from estimates that put 1956 European coal consumption at 540-million to 550-million tons and production only 515-million tons. That leaves a 25-million to 35-million-ton deficit. But a lot will have to be done to keep the deficit that low.

The board will recommend recruiting more miners, higher incentives, and increased work shifts. It's likely to stress new investment, too. Experts reporting to the board say a total of \$2.2-billion will have to be spent on Europe's mines through 1956. So Europe's problems with coal are likely to last for years to come.



Oil on the Troubled Nile?

Last weekend's bloody riots in Cairo were a signal for Egypt's King Farouk to install a new government—under Premier Aly Maher Pasha (above). The move sparked new hope in the West; it's the first major government change in Egypt since ex-Premier Mustafa Nahas Pasha tore up the Anglo-Egyptian treaty governing the Suez. Some observers think Maher Pasha will be easier to deal with than his predecessor. He's a close friend of pro-Western Farouk; Nahas Pasha is a long-time political enemy (BW—Oct. 27 '51, p. 173). At any rate, say the pundits, any change is bound to be an improvement.

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It's up to you to get idle iron and steel into the mills. Channel it through your local scrap dealer.

Don't delay. The mills need 3000 carloads of scrap a day—every pound counts in this emergency!

NON-FERROUS SCRAP IS NEEDED, TOO!

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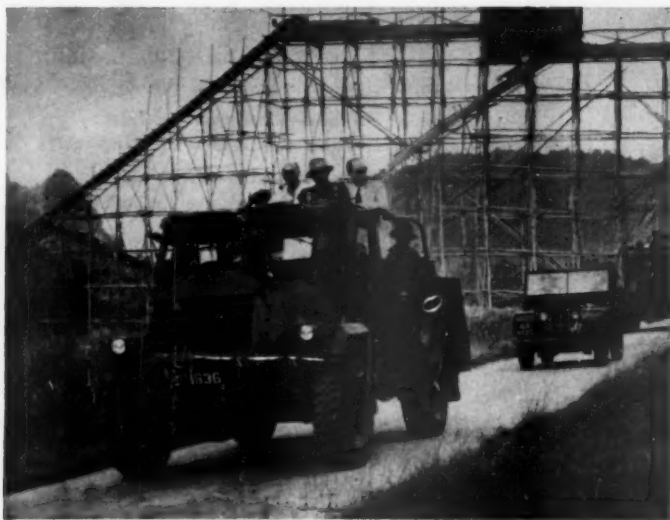
330 WEST 42nd STREET, NEW YORK 36, N. Y.



TIN MINING: High-pressure water jets (foreground) break down ore-bearing soil, gravity carries it to pump at far end of mine. Next . . .

. . . tin-bearing slime passes down wooden channel, tin ores are deposited on bars as lighter soil is washed away. Sluice mining . .

Malaya's Mines Pour Out Tin Despit



OPEN SLUICE tin mines are sitting ducks for Communist bandits. Above, a recent U. S. mission to Malaya rides in armored-car safety past a mine in a dangerous area.



TROUBLESHOOTER: Britain's Sir Gerald Templer will try to clean out Reds.

ores are
ning . . .

bit Raiding Reds

One of Gen. Sir Gerald Templer's biggest responsibilities as the new British High Commissioner in Malaya will be looking out for a hefty chunk of the free world's tin supply. Like its rubber plantations, Malaya's tin mines and dredges are fair game for the Communist guerrillas plaguing the country.

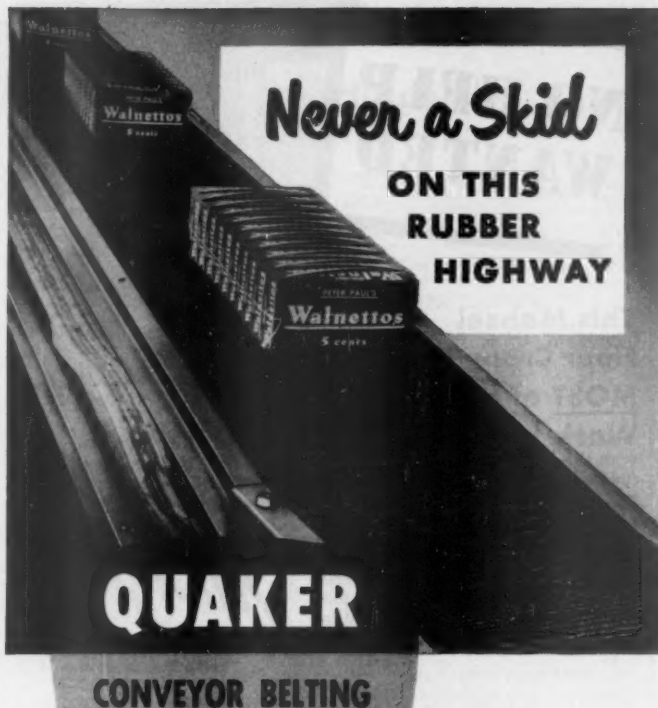
The threat from the jungle has slashed deeply into mine efficiency. Cut power lines, killings, and destruction exact a high toll. There's also the high cost of curfews and of defending the mines. Worse for the future, guerrillas have brought prospecting for new tin deposits to a standstill.

Nonetheless, foreign and locally owned tin mines have done a good job boosting output under miserable conditions. Virtually wrecked in World War II, Malaya's mines produced only 8,432 tons of tin in 1946. Last year production averaged 4,721 tons monthly, close to 40% of the world's total. For 1952 tin producers hope for better things. The sole U.S. tin buyer, the RFC, is back in the market after a long fight with producers over prices, is now paying them \$1.18 a lb.

ir Ger-
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2, 1952

. . . like this accounts for close to half of Malayan production.



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HIGHWAY

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Parker Is Stung

Foreign outfits have been faking Parker pens—and the company hasn't been able to do much about it.

If you come home from abroad with a phony Parker 51 pen, don't say the Parker Pen Co. didn't warn you. Last week president Kenneth Parker let loose a blast against foreign fountain pen counterfeiters, asked the State Dept.'s help in trying to crack down.

• **Long Fight**—It's been a long fight, and the pen people are boiling mad. Right after the war, bogus Parker pens began showing up in Italy, Spain, Hong Kong, Japan, elsewhere. Usually, they had tricked-up brand names like "P.Arker" or "Harker." Parker has been battling on the quiet, afraid a splash of publicity would make prospective customers queasy about buying even the genuine article.

Lately, the fakers have been getting bolder. They've come right out with "Parker 51" and "Made in USA" stamped on the barrel. Sometimes they get up to \$15 (usual street vendor price is \$3 to \$5) for a forgery of the gold-capped Parker that costs about \$20. More and more phonies are being "exported" from Italy or Japan to Latin America, where they cash in on Parker's big advertising there. The pens all look genuine; some even boast good workmanship. Most, however, are terrible, fall apart easily—made of "spit and chewing gum," as one Parker executive puts it.

Parker has spent a lot of money trying to stop the imitators. They've gone after foreign governments and U. S. occupation authorities in Japan, urged them to crack down under international patent laws. In Italy, hotbed of the market, several arrests of street vendors have been made. But these arrests don't nail the source of supply: "assembly plants" that buy pen parts from assorted "small businessmen."

• **Officials Slow**—Trouble is, foreign officials are often slow as molasses in tracking down the forgers. Sometimes their inertia even seems deliberate. In Spain, the courts once upheld the local operators over Parker. Privately, Parker officials doubt whether the State Dept. can get anywhere pressuring the governments involved. "How much international law is there, after all?" wonders one executive. "About all you can do is warn potential victims."

• **Possible Way Out**—One tack that might help would be a banding together of all U. S. businessmen who are getting stung. For Parker isn't alone: Ronson cigarette lighters, watches, ciga-

rettes, other pens, even cosmetics are being faked. Anything small, with a high unit price, that's internationally known and distributed, is fair game. Parker won't even estimate the losses, but points out that every time a phony is sold, business goes down the drain.

BUSINESS ABROAD BRIEFS



Top job: David K. E. Bruce, U.S. Ambassador in France, will become Under Secretary of State, filling the vacancy left by James Webb's resignation. Bruce has been in government service off and on since 1925. He was ECA chief in Paris until he got the ambassadorship in May, 1949. Probable successor: James C. Dunn, now Ambassador to Rome.

British car sales in the U.S. last year bounced 25% over 1950 levels—19,840 compared with 14,901. In 1952 overall British car exports will drop due to rearmament, but shipments to the U.S. will be kept up in order to earn dollars.

A 10-year pact has been initiated by American Viscose Corp. and Indurayon Consolidada, S. A., of Colombia. Avisco will lend Indurayon, Colombia's largest rayon manufacturer, technical help on production and processing.

Baby bonds from Mexico will be selling in the U.S. soon. They pay 7.7%, sell for as little as \$1.50, double in value in 10 years. The plan is to set up bond offices in areas with large Mexican populations, such as Los Angeles.

Eighty-two Boston businessmen and wives set sail on the S.S. Argentina last week for a 44-day junket to ports in Latin America. They'll sun and swim, inspect plants, drum up business for New England industry. Associated Industries of Massachusetts organized the trip, patterned on a previous junket to Europe in 1950.

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Should the Union Shop Be Imposed?

Wage negotiations in steel have occupied the center of the labor stage for weeks. But in Washington an even more far-reaching decision is being weighed. Emergency Board No. 98, appointed by the President under the Railway Labor Act, is tackling an issue that 17 nonoperating railway labor unions and the roads can't agree on: the union shop.

The union shop itself, of course, is no new issue. It is a recognized fact of life in labor-management relations where the two parties voluntarily agree to it. The question before Board 98 is this: Shall the force of government be used to impose a union shop? The labor union spokesmen say yes. Management says no.

Management is absolutely right. A union shop should never be imposed by government.

Consider what such an imposition would mean. Individual workers against their will would be forced to pay dues, fees, special assessments, and to subscribe to union bylaws, constitutions, and "secret rituals." Some of these union requirements are no more admirable than those in the bylaws of other associations. Look at two: Making "unwarranted" charges against a Grand Lodge officer is a cause for expulsion; members must solemnly obligate themselves to "secrecy and obedience."

To require a worker, as a condition of employment, to subscribe against his will to union regulations like these is wrong. It would be equally wrong if the organization concerned were Rotary, the Elks, or The Ladies Aid Society.

No government board has ever been persuaded by union arguments in this matter. In the famous Captive Mines Case in 1941, it was turned down by government, approved by John Steelman acting as a "private arbitrator." It was rejected by the Sharfman Board in virtually the same circumstances several years ago. It was thumbed down by the War Labor Board. President Roosevelt told John L. Lewis during the last war that, "The government of the United States will not order nor will Congress pass legislation ordering a so-called closed shop."

Railway labor union leaders argue that a union shop is necessary for union security. The contention has a slightly hollow ring coming from these railway unions, some of the oldest in the country, seasoned, financially powerful, protected by strong legislation, and in no danger of membership raids.

The point seems to hinge on the "free-rider," the non-member who gets the benefit of the union without helping carry the load. Whatever the merits of this argument, and they seem mainly emotional, the great advantage to union leaders would be (1) to have management do their organizing for them and thus save trouble and expense and (2) to extend union control over all employees. Neither reason is very appealing.

The case for imposing a union shop by government intervention simply doesn't square with the right and decent way to do things. But there is a great deal of pessimism among management men about successfully resisting it. There is sentiment among them that it would be much less costly and troublesome to go along. This defeatist attitude is calamitous. Railway officials should fight this issue on principle to the end. It may be easier to go along in compromising a principle than a profit and loss statement, but in the end the price will prove deadly high.

Businessmen Read

The literary world has finally discovered that the Model T tycoon who read nothing but cost sheets and sales reports is obsolete. According to the new picture painted for the Saturday Review of Literature by the Research Institute of America, the business man of 1952 reads more books than the average, covers a wider range of subjects. But he still seems to fall short of the Harvard ideal.

The Research Institute asked 15,000 corporation officers and executives what they read. Then it asked Sumner Slichter of the Harvard Business School what books he thought useful for business policymakers. Printed side by side, the two lists have virtually nothing in common.

Of the men questioned, 55% read more than 10 books a year. 19% read over 25 books. 7% read more than 50 books. Honors for eyestrain go to a Minnesota baking official whose intake was 300 volumes in 365 days.

Top title in the leading 25 is a good sea story. Bottom title is "How I Made the Sale That Did Most for Me." In between come two other sea books, six best-seller novels, 11 books concerned with public policies and people, a few odd ones including Slichter's "What's Ahead for American Business."

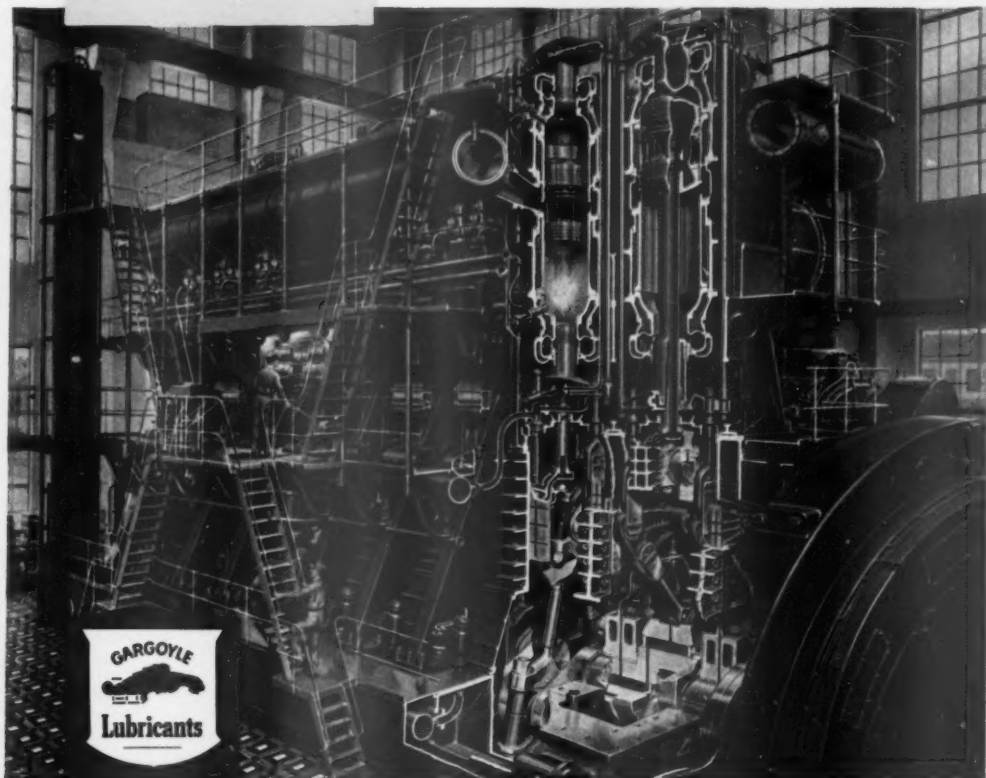
It is good news that busy men took time to read such books. Sea stories may have rested their minds, but books by Churchill, Hoover, Taft, and Justice Douglas must in addition have spurred them to think about matters of the broadest public interest. We need such thinking.

The list of what Slichter thinks they should have read is more specialized. Taxes, managerial economics, capitalism, monetary problems—these are among the subjects he recommends. We like this list and wish that Slichter's titles had been read more. To work through a systematic discussion of economics and finance has great value. We hope that businessmen will continue to read widely as well as deeply, that business writers will work for lucidity and force. Then fun and duty reading will come closer.

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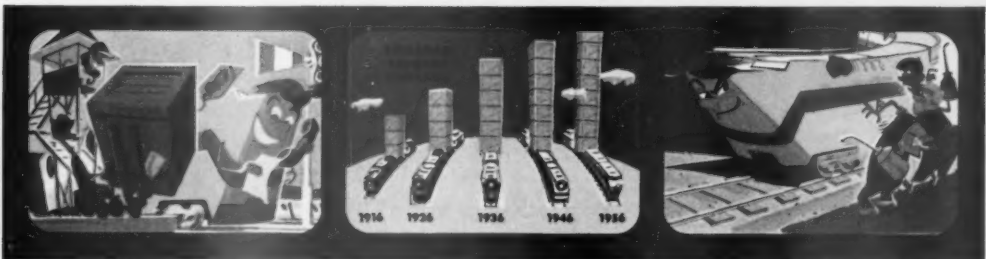


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